

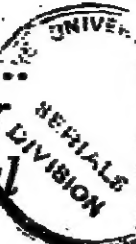
# FINANCIAL TIMES



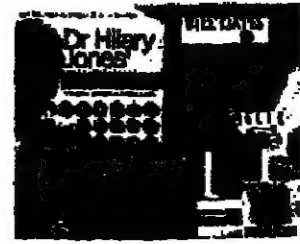
Weekend FT

Make or break for the movie musical

SECTION II



A fabric for the bleak mid-winter



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WEEKEND DECEMBER 14/DECEMBER 15 1996



## Ghanaian to take over as UN's next secretary-general

Kofi Annan, the Ghanaian who heads United Nations peacekeeping operations, is to succeed Boutros Boutros-Ghali as UN secretary-general. The Security Council decision came after France, which had earlier opposed him, joined the consensus of council members recommending that the General Assembly confirm him for the post. He is due to be elected by Tuesday and start the job on January 1, Page 24

**VW 'stood to gain from espionage'**  
Carmaker Volkswagen could have gained commercial benefits from the industrial espionage activities of former senior executive José Ignacio López, said German prosecutors. López is being indicted with three other executives on charges of embezzlement and betrayal of company secrets, in connection with their 1993 departure from General Motors for VW. Page 24

**Deals for BT: British Telecommunications** has beaten Deutsche Telekom of Germany to win part-ownership of Switzerland's second telecoms network and an alliance with the Austrian state operator. Page 24

**Israel seeks to lure settlers:** Financial incentives will be offered to encourage expansion of Jewish settlements in the West Bank, Israel's cabinet said. The decision, giving tax benefits and investment grants, comes despite US criticism of the expansion policy. Page 3

**Japan's pinnacle of wealth:** Japan's cabinet is among the world's richest with 13 of its 21 ministers dollar millionaires, according to a government report. Page 5

**London cuts losses as Wall St steadies**

London's marketmakers remained cautious yesterday after being hit by a series of substantial mood changes on Wall Street since last Friday, when the comments by Fed chairman Alan Greenspan triggered a massive sell-off. The FTSE 100 index went into free-fall yesterday, hitting a session low of 3,553.5, down 56.8, before stabilising and making a good recovery as Wall Street steadied. The London index ended 18.3 down at 3,972.4. London stocks. Page 18 World stocks. Page 15

**Czechs hold 'genetic' market** The Czech Agriculture Ministry impounded a 33,000-tonne shipment of US maize thought to contain genetically manipulated strains, pending further study on its effects.

**Spanish rate cut again:** The Bank of Spain cut its main intervention rate half a point to 6.25 per cent in response to the country's lowest inflation figures for 25 years. Page 2

**McDonnell:** The longest trial in Britain, brought by McDonnell against two environmentalists who attacked the products, practices and environmental policy of the global fast-food group, ended in London after 314 days in court. A judgment is not expected until well into next year. Page 4

**Raphael sketch fetches £25m** A sketch by Raphael, "Study for the Head and Hand of an Apostle", was sold in London for £25.2m (\$40.8m).

**FT opens the FT web site** provides online news, comment and analysis at <http://www.ft.com>

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## Breakthrough at Dublin summit ■ Penalties threatened for excessive deficits

# Germany pushes EU into tough pact over euro

By Lionel Barber and Neil Buckley in Dublin

Germany yesterday pushed the rest of the European Union into signing up to a tough budget stability pact for the future euro zone which threatens near automatic penalties against countries running excessive deficits.

The breakthrough was part of a triple agreement at the EU summit in Dublin covering currency discipline and the legal status of the euro.

The agreements took on visible shape with the unveiling of the design of euro banknotes, sending a strong signal to financial markets that the single currency's launch on January 1 1999 remains on track.

EU leaders agreed to rechristen the agreement on fiscal discipline the "stability and growth pact", a concession to President Chirac of France who insisted it was vital to counter public impressions that the pact could be a "fiscal straitjacket" destroying jobs.

The Dublin negotiations exposed a divide between German demands for near automatic sanctions against countries running deficits in excess of 3 per cent of gross domestic product and France, which insisted on maximum political discretion in applying penalties.

After vigorous efforts at mediation from the Irish presidency and Mr Jean-Claude Juncker, the Luxembourg

prime minister, the main protagonists settled on a compromise which most observers believe is tilted toward the German position.

It narrows the definition of "exceptional and temporary" circumstances under which countries can escape penalties if they run an excessive deficit, but upholds the Maastricht treaty's commitment to give ministers discretion on sanctions.

● Euro-members running an excessive deficit will be automatically exempt from penalties in the event of a natural disaster or if they experience a fall in GDP of at least 2 per cent over a year. Such a severe recession has occurred only 13 times in any of the 15 EU



An interpreter (centre) helps French president Jacques Chirac (left) make a point to German finance minister Theo Waigel at the European Union summit in Dublin yesterday. Picture: Reuters

members in the past 30 years. ● In cases where GDP has fallen between 0.75 per cent and 2 per cent, EU finance ministers will have discretion on whether to impose penalties, taking into account factors such as the abruptness of the downturn.

● The presumption is that financial delinquents experiencing negative growth of less than 0.75 per cent will suffer sanctions.

Mr Theo Waigel, German finance minister and architect of the stability pact, said the final deal fell short of his demands for automatic sanctions but said it was a credible

signal that the euro would be a hard currency. Asked if it would be as hard as the D-Mark, he replied: "Jawohl."

Mr Ruairi Quinn, the Irish finance minister who chaired

Continued on Page 24  
Editorial comment, Page 8  
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## Inoffensive on paper but the feel is the thing

By William Packer, FT Art Critic

The actual notes do make a difference. There is almost a pleasure in shelling out a crisp, fresh tenner, and a real pleasure in getting one back. Torn, mucky, stuck together with sticky-tape, it is never quite the same.

If the euro is ever to get even a grudging acceptance, the bits of paper themselves have to be right, which is to say convincing. They have to feel like proper money.

The designs are now with us, from five euro to 500, designated in Greek characters for the Greeks and Latin for the rest of us - pale blue; a sort of plum; blue again; a sort of red; a greener blue; a yellowish grey and at least a bluish purple.



The 200 euro banknote presented in Frankfurt yesterday

ple, and all tastefully modulated and speckled. No bright colours, no sharp design, no offence.

The images are of assorted European architecture, from Classical Greek to Post-Modern, the value positively decreasing with age, each set

about with the familiar circle of pale stars. A blank space is left for the national emblem - in the UK's case, should she agree, the Queen.

The reverse shows a map of Europe overlaid with, again, an image that changes with the value, this time of bridges,

Europe's new banknotes, designed by Mr Robert Kalina, an Austrian, were presented for the first time yesterday by the European Monetary Institute, the forerunner of the European Central Bank, writes Andrew Fisher in Frankfurt. They will be brightly coloured, easy to recognise, packed with security features - and heavy on symbolism.

The notes depict windows and gateways on one side and bridges on the reverse. Designers had been given a choice between "ages and styles of Europe" or abstract/modern themes. The chosen design for the seven-note series (from 5 to 500 euros) ranges from simple arches and boat-bridges of classical times to airy 20th century structures. If Euro starts on time in 1999, the banknotes will be introduced in member countries at the end of 2001.

from old to new. As for size, well, the smaller, the smaller. Quite how rich and crinkly the paper is to be, we cannot tell, but it is an important consideration, especially in relation to the value.

Take Italian money, for example, which is generally

considered fairly positive and handsome at least in its higher denominations.

And we all know how soon those flimsy 1000 lire slips degenerate into grubby paper hankies. Britain had rather the same problem with its old pound notes. In short, there

are good designs for national currencies, and had. Scottish notes have an idiosyncratic variety and strong colours. The French, the hateful new blue 50 franc apart, are still comfortably old-fashioned in their style, and fold satisfactorily, the larger ones especially. The English are acceptable, and would be even better if they were not so tastefully subdued in colour. Best of all, at once both bold and pretty, are the Irish punts, with their elegant and energetic Celtic traceries.

The best that can be said of the euro folding stuff, without benefit of actual handling, is that it is safe, tasteful, unimaginative, un-modern without being at all positively and engagingly old-fashioned. It might just about do.

## Daley is commerce chief in new Clinton cabinet

By Paul Weidman in Washington

President Bill Clinton yesterday announced nominees to fill the remaining important posts in his second cabinet, including Mr Bill Daley as his secretary of commerce.

The president's press conference took a dramatic turn when Mr Daley apparently fainted after accepting his nomination. He collapsed but recovered sufficiently to leave the room with assistance.

Mr Bill Richardson, the New Mexico congressman who made his name by his efforts to free American hostages held abroad, was named as ambassador to the United Nations.

The president will retain Ms Janet Reno, the controversial attorney general, ending weeks of speculation about her future.

Mr Clinton had little choice but to keep Ms Reno, who has been criticised for being too quick to name independent counsels to probe alleged administration misdeeds. Dismissing her would have invited charges that he was interfering with the course of justice.

Mr Clinton's economic team was all but complete yesterday after the announcement that Mr Gene Sperling had been appointed to head the National Economic Council. Mr Sperling, an economic policy aide in the White House, appeared to have been

rewarded for his political advice during the re-election campaign.

Mr Dan Tarullo, considered for the post of NEC head, was named as assistant to the president on international economic policy, a new post.

Mr Clinton also nominated Ms Charlene Barshefsky, the acting US trade representative, to permanent status. As expected, Mr Robert Rubin, the Treasury secretary, will keep his position. Mr Larry Summers will continue as his deputy, and Mr Franklin Raines will remain as director of the Office of Management and Budget.

Mr Clinton has not yet decided on a nominee to fill

Continued on Page 24

STOCK MARKET INDICES			
FTSE 100	3,972.4	-18.3	
Yield	4.81		
FTSE EuroStoxx 100	1,452.84	(-23.44)	
FTSE All-Share	1,948.17	(-0.59)	
Nikkei	9,941.28	(-158.81)	
New York S&P 500	6,998.28	(-1.82)	
Dow Jones Ind Ave	8,998.28	(-1.2)	
S&P Composite	727.88		
IN US DOLLAR RATES			
Federal Funds	5 1/4%		
90-day Treasury Bill	Yield 5.807%		
Long Bond	6 1/2%		
Yield	6.389%		
IN MONTHLY SEA OIL (Barrels)			
Brack Oil	22.27	(22.41)	
IN GOLD			
New York Copper	Field 3.975.4	(37.0)	
London	3.984.2	(38.2)	

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NEWS: EUROPE

The Dublin summit: marathon negotiating session brings agreement at last on stability pact

# France and Germany struggle to turn their European dreams into reality

Dublin Castle has a special resonance for the French and Germans. Six years ago, in the euphoric aftermath of the fall of the Berlin Wall, Chancellor Helmut Kohl and President François Mitterrand pledged themselves to create a political union in Europe to buttress plans to launch economic and monetary union by 1999.

Neither leader spelt out what he had in mind. Yesterday, again in Dublin Castle, the tensions and contradictions in the Franco-German project were exposed as the two allies struggled to bridge a cultural divide over the rules for monetary union.

Though ultimately successful, the negotiations on the rules for enforcing budgetary discipline in the future single currency zone confirm that Emu is about to face its sternest test – not in the familiar battlefield of the financial markets but in the area of public opinion.

The lesson applies not just to Germany, where two-thirds of the population are hostile to exchanging their proven D-Mark for an uncertain euro, but also to France, where the public is increasingly restive about the budget austerity and unemployment associated with Emu, and the Gaullist government is on the ropes.

"The negotiations on the stability pact were driven by concern about domestic public opinion," said a German diplomat, "and that's a new phenomenon."

The Dublin marathon began at 4pm on Thursday afternoon and ended 24 hours later. Serious bargaining did not take place for almost five hours because the French delegation's hands were effectively tied.

First, Mr Jean Arthuis, the French finance minister, arrived late. Then President Jacques Chirac's live press conference in Paris left everyone guessing over whether the unpredictable leader would lob a new grenade into the talks.

Around 9pm, Mr Arthuis held a bilateral meeting with his German opposite number, Mr Theo Waigel, Bavarian architect of the stability

pact and the man who has staked his reputation on making sure that if Emu goes ahead, it will be on rigorous German terms.

The meeting lasted more than an hour. "The atmosphere was not good," says a German participant. "There was a revival in old French thinking which gave the Germans stomach pains. We felt they were calling into question the spirit of the Maastricht treaty."

At issue was Germany's demands for near automatic sanctions against countries running public deficits in excess of 3 per cent of gross domestic product, unless there are defined "temporary and exceptional" circumstances such as a disaster or a heavy recession.

Mr Waigel insisted that exceptions had to be defined as narrowly as possible to avoid countries pursuing lax fiscal policies. Time and again, he repeated Germany's commitment to a "stability culture" inside the future monetary union.

Time and again, Mr Arthuis repeated the words "national sovereignty". These two words did not just signal French determination that ministers should have the last word on when to impose sanctions; they also underlined the French view that monetary union cannot be left to independent central bankers but must have political content.

At one point, a participant, perplexed by the stand-off between Mr Waigel and Mr Arthuis on the stability pact, exclaimed: "I am lost somewhere between the Elysée and the Bavarian forest."

In essence, the negotiations divided into two stages. The first focused on German demands for a tightening of the mechanism and the timetable for imposing sanctions set out in the Maastricht treaty – dis-



Looking up at the summit. Chancellor Helmut Kohl (left) and President Jacques Chirac pictured at the Dublin meeting yesterday as EU leaders gathered for the customary family photo.

missed by Mr Waigel as too vague and open-ended.

The second stage, which took up most of yesterday's bargaining, concentrated on the definition of economic weakness which would allow a country with a budget deficit of more than 3 per cent of GDP to escape sanctions.

Germany wanted to limit the definition of a heavy recession to a drop of 2 per cent over four quarters, while France pressed for

maximum ministerial discretion, alternating on a range of figures between zero and 1.5 per cent.

Mr Jean-Claude Juncker, Luxembourg's youthful prime minister, played a crucial mediating role. In his dual capacity of finance minister, he had an expert's knowledge of the Maastricht treaty, which he helped draft in 1991, and his English, French and German language skills made him a per-

fect broker. "We could not have kept the French and Germans together without Juncker," said one participant. Another praised Mr Juncker's role as a mediator between the French and the Dutch finance minister.

Mr Juncker pleaded with the Germans to place their trust in the treaty, but he also played the guardian of fiscal rectitude. He spoke with authority, since the Grand Duchy is the only EU member state which meets

all of the Maastricht criteria without equivocation.

Around 2am, Mr Waigel held another meeting with Mr Arthuis in which he declared abruptly that French demands for maximum political discretion over the application of penalties were "unacceptable".

As the mood grew tense, Mr Rudi Quir, the rugged Irish finance minister, stepped with a draft compromise.

Earlier, he had warned feuding colleagues that there were plenty of people in the EU who would relish a chance to "knock Emu". With his usual deadpan humour, he said failure to reach agreement would offer the Irish hosts a chance to show off their reputation as the champions of the big breakfast.

The Quinn compromise drew on earlier Belgian proposals aimed at balancing German demands for semi-automatic sanctions with the French-led majority's insistence on ministers having the last word.

The draft said the European Commission, which has the right under Maastricht to set in train the excessive deficits procedure, should "as a rule" consider a figure over 3 per cent to be exceptional only if there was an annual fall in real GDP of at least 1.5 per cent – amended yesterday to 2 per cent.

Under Maastricht, the Commission prepares a report when a government deficit breaches the 3 per cent limit. It sends the report to EU finance ministers, having considered whether there are exceptional circumstances based on its own view and an opinion from national treasury officials and central bankers. Ministers must then decide via a qualified majority whether an excessive deficit exists.

Throughout the negotiations, Germany sought to limit the discretion of the Commission and the Council. It also wanted a commitment that the whole process would not take longer than 10 months from the first Commission intervention.

Yet as Mr Waigel admitted at a news conference just before 2am yesterday, the Germans could not secure their goal of automatic sanctions against fiscal delin-

quents without rewriting the treaty. Such a move would be totally counter-productive since it would trigger counter-demands to rewrite the Maastricht treaty's entry criteria for the single currency.

In the end, the Germans had to accept that their efforts to tie the hands of the Commission and the Council in recommending and enforcing the excessive deficits procedure were qualified with the words "as a rule".

In deciding whether to adopt the Commission recommendation on whether an excessive deficit exists, the Council will "in its overall assessment" take into account any observations from the targeted member state showing that a heavy recession qualifies as exceptional, the draft text said.

The Irish draft's only omission was to quantify the temporary and exceptional circumstances, an issue which took a further six hours of negotiations yesterday and was resolved, once again, via an intervention from Mr Juncker.

France had to give way to German demands for a drop of 2 per cent in GDP in a year to cover escape clauses. Anything between 0.75 per cent and 2 per cent counts as a "grey zone" when the decision to impose sanctions lies with ministers.

In a gesture to France, the final Council decision on whether temporary and exceptional circumstances exist in this last category will be treated as a non-binding resolution rather than a binding resolution.

One German diplomat expressed satisfaction at the end of the day that Mr Waigel and his tough-talking deputy Mr Jürgen Stark had "squared the circle" between automatic penalties and political discretion without walking away from the Maastricht treaty.

But in a forecast of battles to come over the terms of monetary union, he said: "Our French friends are not what they used to be."

Lionel Barber in Dublin

## New euro clearing system could ease Target tensions

By George Graham, Banking Correspondent

Europe's largest banks have backed plans to develop the largest payment mechanism for euros on the foundations of the current system for settling transactions in Ecu.

The Ecu Banking Association, whose Ecu clearing system now handles an average of 6,000 payments worth Ecu45bn (\$56bn) a day, yesterday endorsed plans to expand the system so that it can manage more than 50 times that

volume after European monetary union begins in 1999.

If the EBA system is successful, it could divert payments away from Target, the system planned by the European Monetary Institute for instantaneous high value payments between accounts at national central banks.

That could, in turn, cool the dispute between Britain, France and Germany over whether banks in countries which do not adopt the euro should be allowed access to Target on the same

terms as those inside Emu.

Studies by the association indicated that an average payment would cost just Ecu50-Ecu80 to process on its system, compared with a likely cost of Ecu62-Ecu77 for each Target payment.

Mr Ashley Dowson of Barclays Bank, who chaired the EBA working group, said the association's clearing system would be complementary to Target, rather than directly competitive.

But he added that the system would be an effective alternative for banks outside Emu if the con-

ditions for access to Target were made too punitive.

"Whether you are a European Union bank, in or out of whatever, this system offers equal access," he said.

EBA market studies suggested its own system could win a 32 per cent share of the euro payments market in 1999. Traditional correspondent banking relationships, in which banks credit and debit accounts with each other, might stay at 23 per cent of payments, with Target winning just 19 per cent.

Measured by value, however, Target is likely to account for a bigger share, since it is expected to be used for most very high value payments, such as central bank interventions or settlements of foreign exchange trades. Target will offer greater safety for these payments, since they will be instantly credited to accounts held by central banks.

The EBA system, on the other hand, functions on a net basis: banks top up their credits and debits during the day and settle up by paying only the net bal-

ance at the end of the day. Bankers said it was likely that, while Target handled the very largest and most urgent payments, the EBA system could carry a larger volume of mid-sized commercial payments.

In its current form, the Ecu clearing system operates through accounts at the Bank for International Settlements, the central banks' central bank in Basle. Settlement is expected to be transferred to the European Central Bank when it comes into existence in 1999.

Mr Dowson said there was "a distinct possibility" that the EBA clearing system would prove more cost-effective than some national payments systems. Countries where most large banks belonged to the EBA could perhaps switch to its euro clearing in preference to their domestic versions.

French and Belgian bankers, however, said there was very little likelihood that the EBA clearing system could handle bulk domestic payments more cheaply than their own national systems.

## French president stands by his man

By David Buchan in Paris

President Jacques Chirac found it hard to live up to the great expectations of his first television interview for five months.

For many of his 9.5m audience who hoped that at some point during his two-hour broadcast on Thursday night he would deliver an Olympian thunderbolt or three at his prime minister, Mr Alain Juppé, or the truck drivers, or Corsican nationalists, or European monetary union, or the Germans, or all of the above, it was a disappointment.

Instead, Mr Chirac was all analysis, even admonishment, but not action.

Politicians divided predict-

ably. The opposition Socialists criticised the president's "helplessness", while his fellow Gaullists praised his "determination to reform". But the tone of most of the press followed the banner headline of the popular Le Parisien ("The Big Flop") and left-leaning Libération ("Is That All?"), rather than the right-wing Le Figaro ("A Second Wind").

Mr Chirac partly has himself to blame. By limiting his television appearances to three this year, and only four since he was elected 18 months ago, he has inevitably aroused expectations that he could not fulfil. Some 54 per cent of people in an opinion poll the week said Mr Juppé should go, but the president

found no fault with his government or its leader, except that they should explain their "unpopular but necessary" policies better to the electorate.

But Mr Chirac has probably gained a bit of time for the Juppé government. He sought to drive home some truths about the "conservatism" of the French, especially their unions and some of their employers and institutions.

Gaullists do not regard themselves as conservatives. But nor, of course, do the unions, who yesterday protested at the label. Mr Chirac complained of groups such as the truck drivers "taking the French hostage" in their dispute, and of the tendency

in French labour disputes to "always look to the state for a solution". But he gave the unions a semantic sop by saying he did not like the word "flexibility" because of its "antisocial connotations".

Mr Juppé will now have to drop the word from his vocabulary.

But, if not conservative, Gaullists are nationalist when it comes to France's and, increasingly by extension, Europe's place in the world. And the president chose to justify the pain of qualifying for, and keeping, the single currency by saying: "The euro will give us a means of fighting American hegemony."

He specifically meant the dollar. But he could equally

have been referring to France's other current tensions with Washington – over Nato, the United Nations, the Middle East and Africa.

The interview was not entirely news-free. Mr Chirac announced the imminent creation of a commission to examine ways of making the judiciary independent of the executive. This is intended to dispel the impression that the authorities are trying to smother corruption investigations into his Gaullist RPR party and the Paris city hall he ran for 18 years. But the commission should reinforce the principle that "everyone is presumed innocent until proved guilty", the president stressed.

## EU move in trucks dispute

By Caroline Southey in Brussels

EU transport ministers have agreed in principle to raise road charges for trucks in an effort to end a dispute with Switzerland over access to Alpine roads.

Talks on closer co-operation, including free movement of people and closer rail and road transport links, have been deadlocked because of disagreements over access to Swiss roads.

Switzerland has banned trucks larger than 28 tonnes from entering the country.

The ministers accepted proposals by Mr Neil Kinnock, EU transport commissioner, to consider raising the eurovignette truck charge (which applies in six member states) and introducing a variable charge based on the environmental standards of trucks.

This opens the way for a deal on "comparable" charges on trucks in both the EU and Switzerland. The Swiss, for their part, will have to agree with the EU a maximum charge on EU trucks crossing their territory. They have insisted on a charging system in exchange for phasing out the 28-tonne limit over nine years, which would allow 40-tonne trucks access by 2005.

Mr Dominique Furgler of the EU relations office in Bern said: "We need to be able to impose a road tax at a rate that will lead to a clear shift towards rail transport."

The Commission estimates the Swiss ban has meant 500,000 more trucks passing through Austria a year.

## EUROPEAN NEWS DIGEST

### Milosevic olive branch on polls

President Slobodan Milosevic of Serbia yesterday brushed aside charges of stealing local elections from the opposition, but appeared to give ground by saying international experts could investigate the disputed polls.

The annulment of opposition victories in Belgrade and several Serbian cities has sparked nearly four weeks of street protests. Yesterday's demonstrations were the biggest ever, mustering crowds of up to 200,000.

His remarks, in a letter to Mr Warren Christopher, US secretary of state, were the protests began. While accusing the protesters of "threatening political terrorism", he said he would let a "respected" delegation from the Organisation for Co-operation and Security in Europe "assess all the facts" about the election results. Diplomats said the OSCE was reluctant to do a post-mortem on voting which took place a month ago.

Laura Silber, Belgrade

The German parliament yesterday voted overwhelmingly to allow its soldiers to join the Nato-led stabilisation force in Bosnia, the first time German combat forces will take full part in a ground mission alongside western allies.

Reuter, Bonn

### Swiss explain Nazi gold trade

The Swiss National Bank said yesterday that it had earned just SF40m (\$15m) from its gold trading with Germany during the second world war. It also said it had never knowingly bought gold which might have come from the German concentration camps.

Mr Jean-Pierre Roth, SNB vice-chairman, said yesterday the bank had continued its wartime gold trade with the Germans because the US blocked all Swiss gold reserves in 1941 and Germany was the only "free" source of gold deliveries. In addition, the SNB believed the existence of an international Swiss franc market open to all countries at war probably saved Switzerland from invasion.

The bank acknowledged that its wartime managers must have known that there was a possibility some of the gold the SNB received came from occupied countries. Mr Roth said that the SNB no longer held any ingots bearing German stamps.

William Hall, Zurich

### Protest hits Italian industry

Italian industry and transport were severely disrupted yesterday by a national stoppage called by unions in protest at stalled wage negotiations for 1.6m engineering workers. It was the third serious union action in two months directed at engineering employers in support of a claim for a substantial payment to recover earnings eroded by inflation since 1994.

Robert Graham, Rome

## Reduction follows lowest inflation figures for 25 years

## Spain cuts main interest rate

By David White in Madrid

The Bank of Spain cut half a point off its main intervention rate yesterday in response to the country's lowest inflation figures for a quarter of a century.

The cut in the central bank's benchmark securities repurchase rate from 6.75 to 6.25 per cent was the sixth successive reduction since the centre-right Popular party won a narrow general election victory in March.

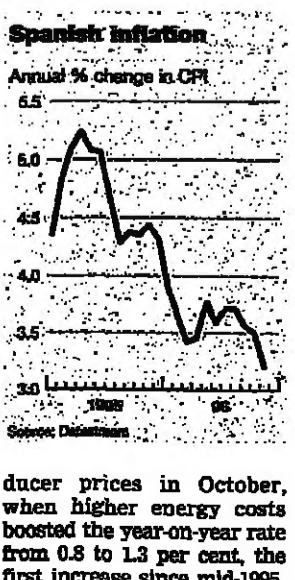
The rate, now at an historic low, has come down from 9 per cent at the beginning of the year.

The main commercial banks followed suit with immediate reductions in their prime lending rates.

Most analysts had been expecting a more cautious reduction of a quarter-point in the light of the Bank of Spain's prudent stance and its recent warnings about inflationary wage increases. However, contrary to expectations, the consumer price index in November was unchanged from the previous month: the year-on-year rate fell to 3.2 per cent, compared with 3.5 per cent in October.

This result mainly reflected a fall of 0.1 per cent in food prices. The underlying rate, leaving aside energy and fresh foodstuffs, dropped from 3.2 to 3.1 per cent year-on-year.

The figures offset the negative impact of a rise in pro-



The government is now confident of coming within its target for the year of a consumer price increase below 3.5 per cent, down from 4.3 per cent in 1995.

In spite of the reduction, inflation is still seen by many experts as the biggest challenge facing Spain in its bid for inclusion in the launch phase of the European single currency. It is in this area, more than in the level of budget deficit, that Spain suffers the biggest difference in comparison with the mainstream euro candidates such as Germany and France.

The government is aiming for a 2.5 per cent headline inflation rate by the end of next year.

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Japan's C

Israel plan  
tax break  
encourage  
settlement

China to lift  
stock prices

No shortage  
sun attack





# Japan's cabinet boasts wealth of assets

By Gwen Robinson in Tokyo

Japan is not only one of the world's richest countries, it also has one of the world's richest cabinets - 12 of the 21 ministers are dollar millionaires, a government report said yesterday.

The prime minister, Mr Ryutaro Hashimoto, may be first in cabinet rank, but he is ninth in terms of wealth, with declared assets of ¥128m (\$1.14m). The richest member, Mr Tarō Aso, who heads the government's Economic Planning Agency, has assets worth ¥825m.

Members of the cabinet,

formed on November 7, are required by law to disclose details of real estate, securities and other assets held by themselves and their immediate family.

Japanese politicians' basic salaries are relatively modest by the standards of Japan's corporate high-flyers. Cabinet ministers earn an annual equivalent of about \$165,000 upwards. But as for all public servants and many company workers, handsome bonuses twice a year boost annual earnings.

Mr Hashimoto, for example, last Tuesday received a winter bonus of ¥6.85m,

while other members of his administration received an average of about ¥4m. In addition, politicians receive a steady stream of donations, ostensibly for campaign and party coffers.

Some Japanese observers say the report accepts low valuations of some of the ministers' assets.

A spate of corruption scandals has forced successive governments to enhance the impression of openness and the rules on disclosure of donations have been tightened.

Mr Hashimoto himself is currently facing a contro-

versy over ¥7m he received in political donations from a business group whose activities included linen laundering.

Yesterday's report revealed that Mr Hashimoto and 13 other cabinet members disclosed outstanding loans. The heaviest debt was claimed by Mr Kōbun Muto, who heads the management and co-ordination agency, with ¥712m.

The report also revealed that the personal assets of all the parliamentary vice ministers, Japan's equivalent to deputy ministers, out-rank the amount held by

cabinet ministers - averaging ¥223m against the ¥148m official average per cabinet member.

Members of the current cabinet belong to the conservative Liberal Democratic party, which has ruled Japan for most of the time since the war. According to the report, the ¥148m average personal assets per member comes in at ¥35m less than the average held by members of the previous coalition government headed by Mr Hashimoto, which included Socialists and members of the reformist Sakigake party.

Mr Aso, who is a grandson of the late former prime minister Mr Shigeru Yoshida, attributes his wealth to inherited land assets - particularly his spacious Tokyo residence, which was inherited from his late father, also an MP.

The cabinet minister with the smallest amount of personal assets is Mr Takao Fujimori, minister of agriculture, forestry and fisheries. He declared just ¥19m and is the only member who does not own any land.

"I'm rather proud, as a politician, of not owning many assets," he told reporters.

## Israel plans tax breaks to encourage settlements

By Judy Dempsey in Jerusalem

The Israeli cabinet yesterday agreed to grant special financial incentives to encourage expansion of Jewish settlements in the West Bank.

The decision reflects the government's determination to expand the settlements despite criticism from the US, Washington this week said expansion of settlements and plans to build Jewish homes in the heart of the Arab district of Ras al-Amud in east Jerusalem were "a troubling factor... not helpful to the peace process." The Palestinian information ministry said the decision would jeopardise the peace process.

It follows days of growing tension between Israelis and Palestinians after a Jewish mother and her son were killed by the Popular Front for the Liberation of Palestine, which is opposed to the Oslo peace accord.

The settlements will be upgraded to "A" zones, giving settlers special tax benefits and investors generous grants, often as high as 30 per cent of the value of an investment, 50 per cent of loans to settlers will be treated as grants depending on how long they intend to live there.

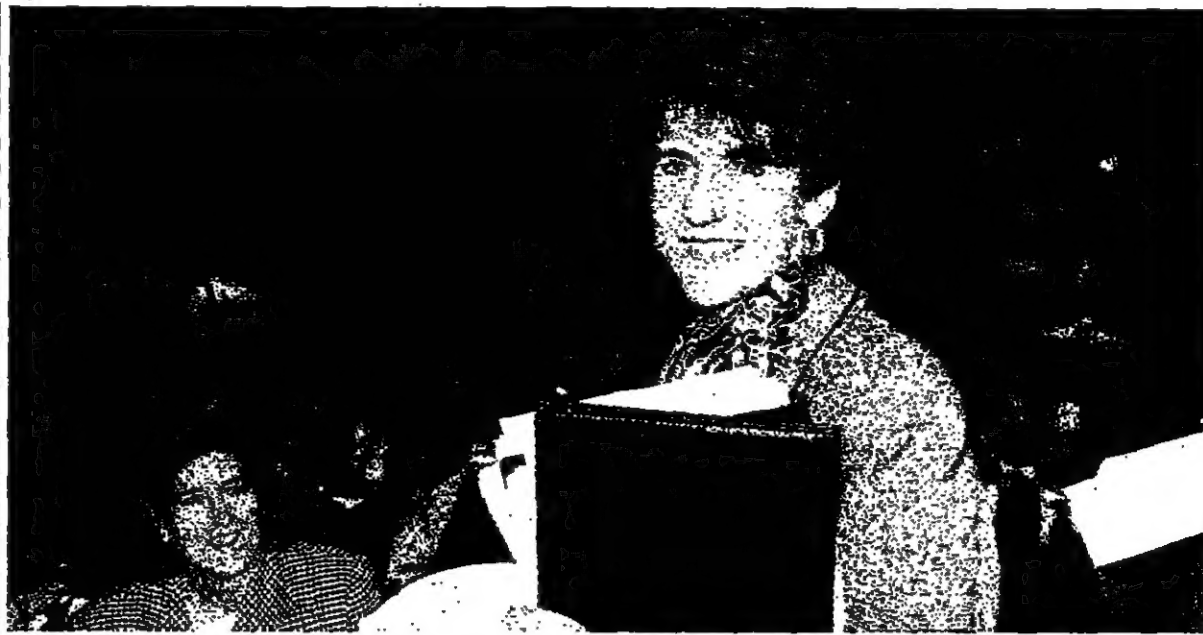
Mr Benjamin Netanyahu, the Israeli prime minister,

said this week he would continue the settlement expansion policy. "We will multiply and break forward when they [the Palestinians] torture us," he added.

The government was keen to brush aside any criticism the policy would have on the peace process. "All we are doing is giving the Jewish settlements the same status as those [settlements] in Gaza, the Golan Heights and the Jordan Valley," said Mr Moshe Fogel, the government spokesman.

He denied the timing of the announcement would make Palestinians even more sceptical about the government's commitment to the peace process, saying the government was simply restoring a status scrapped by the former labour government. But Mr Moshe Shabai, former head of the police under Labour, said the decision would "mean confrontation and a return to the cycle of violence".

It is unclear how the government will finance this programme while trying to cut public expenditure by Shk5.1bn (\$1.85bn) to reduce the budget deficit from the 4.45 per cent of gross domestic product to under 2.3 per cent next year. "We have not decided how much this will cost and how it will be financed," an official said.



Ms Barshefsky at the WTO meeting's closing ceremony yesterday: information technology tariff cut will boost exports

## WTO's tariff-busting deal hailed as 'global tax cut'

By Guy de Jonquieres and Frances Williams in Singapore

The World Trade Organisation yesterday agreed a five-day ministerial meeting in Singapore by confirming plans to eliminate by 2000 most tariffs on information technology products - but still at odds over the WTO's future agenda.

Approval of the IT accord was assured when more than 30 countries, including the US, the 15 European Union members and Japan, said they would sign it in April. Their support ensures that tariffs will be abolished on more than 90 per cent of world IT trade, the minimum required for

the agreement to take effect.

Ms Charlene Barshefsky, acting US trade representative, called the agreement a "global tax cut" which would stimulate IT exports and boost the information super-highway. Sir Leon Brittan, EU trade commissioner, said it was the biggest tariff-busting deal since the Uruguay Round ended three years ago.

Ms Barshefsky and Sir Leon hoped the agreement would encourage a deal on liberalising basic telecommunications by a deadline of February 15. The US and EU, along with Japan, Canada, Norway, Switzerland and the Czech and Slovak Republics, also agreed to eliminate tariffs on 400 drugs.

Mr Renato Ruggiero, WTO director-general, said the

meeting had strengthened international unity and confidence in the world trade system. However, some members insisted on sharply divergent interpretations of what they had agreed on some more contentious issues.

The US and France claimed the meeting's final communiqué largely met their long-standing demands that the WTO help uphold workers' rights. Sir Leon called the communiqué a "breakthrough in worldwide dialogue" on the subject. But the UK and many developing countries said the ministers' failure to endorse any follow-up action in the WTO

meant the debate was closed.

Sir Leon said the ministers' call for a study on direct investment paved the way for negotiations on new global rules, which should be the WTO's top priority. He also claimed support for his argument that the WTO should seek to draft an international framework for competition policy.

Ms Barshefsky struck a more defensive note. She said Washington's overriding objectives were to conclude talks on an international investment agreement in the Organisation for Economic Co-operation and Development, and to prevent the WTO from threatening US competition laws and anti-dumping policy.

### INTERNATIONAL NEWS DIGEST

## Mandela sets longer amnesty

President Nelson Mandela yesterday extended the deadline for South Africans to seek amnesty for apartheid era crimes. With the deadline only hours away, Mr Mandela said five more months would be allowed for applications to the Truth and Reconciliation Commission.

Amnesty can be granted for gross human rights offences, provided the acts were carried out for political reasons and a full admission is made.

Shortly before Mr Mandela's announcement three ministers said they had applied for amnesty. They are Mr Sydney Mufamadi, minister for safety and security, Mr Jay Naidoo, minister of posts and telecommunication, and Mr Joe Modise, defence minister. General Constand Viljoen, leader of the rightwing Freedom Front, said he would apply too.

Roger Matthews, Johannesburg

## Army blocks Hutu exodus

Hundreds of thousands of Rwandan Hutu refugees who had been heading into Tanzania flooded back towards their abandoned camps yesterday after being stopped by the Tanzanian army. Aid officials said that after running into army roadblocks many of the refugees who were walking towards an inaccessible game reserve turned round and headed back to their old settlements. "Only 24 hours ago, we witnessed columns of refugees going in one direction," said a World Food Programme spokeswoman. "Now they're going back."

The soldiers initially prevented refugees from stopping at Benaco, biggest of the camps. Later refugees desperate to rest were told that they could stay the night but that the settlements were now officially closed and they would have to leave the following day. Aid workers said thousands of refugees crossed into Rwanda yesterday and they hoped the repatriation of most of the half-million Hutus who have been living in Tanzania since 1994 could still be arranged.

Michela Wrong, Nairobi

## Hitachi drops Malaysia plan

Hitachi has shelved plans to build a ¥180bn (\$1.15bn) semiconductor memory chip plant in Malaysia with Korean partner LG Semicon. The decision follows a sharp drop in demand for memory chips and a plunge in prices this year.

Hitachi said it had been planning the new plant in response to expected strong demand for 16-megabit and, further ahead, 64-megabit dynamic random access memory chips. Forecasts that continuing strong demand for D-Rams from memory-hungry PCs and communications tools would support double-digit growth in the market led to an industry-wide rush to build more capacity.

However, just as one new semiconductor investment plan after another was announced, the semiconductor market was hit by a significant fall. Instead of growth once forecast at 26 per cent in 1996, a 10 per cent decline is now expected. Forecasts for 1997 have been revised from growth of 18 per cent to 7 per cent. Prices of current generation 16-megabit memory chips have plunged to one fifth of their price a year ago on the spot market and there are lingering concerns that the bottom has not been reached yet.

Michiko Nakamoto, Tokyo

## Japan may allow transplants

The Japanese parliament is to consider changing the law to make it possible for doctors to carry out human organ transplants, currently almost unobtainable in Japan. Existing medical law says death does not occur until the heart stops, by which time many organs have become useless, because of lack of oxygen. Other advanced countries have long recognised brain death. The new bill proposes that transplants will be allowed if the donor has given written consent and the family does not object. Supporters of the bill said yesterday they expected it would be passed.

William Dawkins, Tokyo

## China to limit movements in stock prices to 10% a day

By Tony Walker in Beijing

China yesterday moved to calm wild fluctuations on its fledgling equities market by imposing a 10 per cent limit on the movement of any one stock in a single day.

The announcement, after the close of trading, follows a roller-coaster week on China's markets, with Shanghai B-shares for foreign investors falling 12.26 per cent yesterday after surging earlier in the week. Shenzhen B-shares fell 14.75 per cent.

The new regulations, issued by the Shanghai and Shenzhen stock exchanges,

also cover investment fund units. "From Monday, all bids and asks exceeding the limits are null and void. No brokerages must accept invalid bids and asks," the statement said.

Brokers were also instructed to make public the top losing and gaining stocks on any one day and the names of the main institutions involved in trading.

Stock market regulators in Beijing have been rattled by the speculative surge in equities this year and have sought to curb excesses, with little success. The latest measures are

the most drastic. Brokers said the new rules would stabilise the markets, but warned that in the longer term such limits were not in investors' interests. "Trading limits generally distort markets rather than rationalise trading," said one.

Shanghai's B-share index slumped to 66,261 yesterday, down about 25 per cent on the week's high. Shenzhen B-shares were also sold off following news reports that local investors would be obliged to prove funds for hard currency shares originated outside China.

Chinese investors have

been pouring funds into B-shares because of a belief that they are undervalued compared with A-shares reserved for locals.

Beijing authorities have been sending mixed signals to locals about investing in B-shares, alternately indicating this would be acceptable and then tightening restrictions to stop speculation.

Chinese investors have been drawn to the markets by prospects of quick profits and because there are limited alternative investment possibilities. Brokers say many stock prices are not justified by fundamentals.

## No shortage of suspects for gun attack on Saddam's son

By Rouda Khatib in London

Reading events in Baghdad as confusing as Kremlin-watching used to be.

Iraqi President Saddam Hussein's eldest son Uday, shot and wounded while driving in Baghdad on Thursday, had made so many enemies that the attack could be a simple personal settling of scores, part of an inter-family feud, or a political act by an opposition group.

Uday, billed by many observers as Mr Saddam's heir apparent, is considered the most feared man in Iraq. His excesses have become legendary. He is reported to have alienated ordinary Iraqi families by forcing himself on female university students and harassing women in clubs and restaurants. He is believed to be a main link in the smuggling and black market currency trade, a group that has profited from United Nations sanctions while the rest of the population starved.



Uday, considered Iraq's most feared man

Unlike his father, who is obsessed with security, Uday is said to drive around the capital without bodyguards. He has fallen out of favour with his father several times, only to be returned to the family fold and unofficially handed top duties. Officially, he is chairman of Iraq's National Olympic Committee. He owns Babel, the most popular and daring newspaper in Baghdad, and a television station, a station

with MTV-type programming and the only breath of fresh air for many Iraqi youth.

In 1988, he killed the presidential food-taster and was briefly sent into exile to Switzerland as punishment. Last year, he shot and wounded his father's half-brother, precipitating the defection of Mr Hussein Kamel, Mr Saddam's aide and son-in-law, who feared he might be next in the line to suffer from Uday's rage. To pre-empt criticism among Ba'ath party circles, Mr Saddam again clipped Uday's wings and brought back old party hands into top posts.

Mr Kamel, however, returned to Baghdad earlier this year and was killed; Uday is believed to have played a prominent role. Since then, Uday's fortunes have been on the rise. Some observers have reported friction between him and his brother Qusay, who runs the regime's security apparatus. Two years ago Uday built up his own independent force,

the 30,000-strong "Saddam's Commandos". He is said to have resisted recent attempts by his brother to bring the commandos under the main security system.

Western diplomats said yesterday the attack on Uday could be part of the blood feud that ensued between Mr Kamel's and Mr Saddam's clans. This would point to increasing inter-family conflict and rising instability within the ruling circle. Family feuding may also be related to Iraq's resumption of limited oil sales this week. The oil-for-food deal in effect shrinks the pie of profit for the inner circle controlling smuggling.

But some Iraqi defectors say Uday's ambush is the work of opposition groups operating inside Iraq. According to western diplomats, urban militia largely made up of Shia opponents of the regime have in recent months placed bombs in government buildings and attacked Ba'ath party officials.



### DECLARATION OF A PUBLIC SALE AUCTION for the total assets of the Company "TOURISTIKAI EPICHRISIS STYLIDOS S.A."

ΚΤΙΜΑΤΙΚΗ ΚΕΦΑΛΕΟΥ Σ.Α. - Administration of Assets and Liabilities (1 Mesogion Ave., 8<sup>th</sup> floor), acting as a specific Liquidator of the Company "TOURISTIKAI EPICHRISIS STYLIDOS S.A.", which has been under liquidation procedures of the article 48a of Law 1892/90 by the 6885/1996 decision of the Athens Court of Appeals, which has not been repeated or altered.

#### DECLARES

A Public Sale Auction with sealed, binding tenders for the purchase of total assets of the Company under specific liquidation procedures.

#### BRIEF DESCRIPTION

The Company under specific liquidation procedures was founded in 1988 under the name "AKTAI FTIHIOTIDOS S.A." by the 3452/1988 deed of the notary public of Solomni Mr. Chr. Kehayes. The setting up permit and the Articles of the Company were published in the official gazette issue 1145 of December 7, 1988, bulletin of S.A. and Limited Company. According to these documents the purpose of the Company is to build and operate hotels in Fthiotis shores, etc. Today it is established in Athens (10 Lekka Street). According to the 6885/1996 decision of the Athens Court of Appeals the Company is now under the specific liquidation procedures of article 48a of Law 1892/90.

#### ASSETS TO BE LIQUIDATED

The assets of the Company, which are liquidated as a whole, consists of a C class hotel, that was operating until September 1996 under the name "STYLIS CLUB HOTEL", with 154 rooms with bath and 297 beds, which is built on a sea - shore land plot of 20.180 sq.m., located in Karavomfies community of Fthiotis prefecture, by the Athens - Thessaloniki national highway, 233 kilometres from Athens, with all its components: furniture and equipment. The assets under liquidation also include every right that has been created from the public use of the title "STYLIS CLUB HOTEL" and claims against third parties, as shown in the account books of the Company, of a total amount of drachmas 22.765.400.

#### ADDITIONAL INFORMATION

Those interested for additional information can collect, from the offices of the Liquidator, the detailed Assets Memo, by submitting a written commitment for confidentiality.

#### TERMS OF DECLARATION

1. The sale will take place in a Public Auction according to the article 48a of Law 1892/90 as this was added by article 14 of Law 2000/1991 and modified thereafter, under the terms included in this Declaration and those included in the detailed Assets Memo whether or not they are repeated in this Declaration. Submission of binding tender entails the unreserved acceptance of all these terms.

2. Those interested to participate in the Auction are invited to submit written and sealed binding tender until Thursday, January 5, 1997, before 12:00 noon, to the notary public of Athens, in charge, Mr. Evangelos Drakopoulos, 19 Voukourestiou Street, Athens, tel: 36.15.128, 36.21.128. The price must be written in the tender, as well as the terms of payment in detail (cash or with credit, stating the number of instalments, time of payment and suggested interest rate). In the case that the following are not mentioned: (a) the way of payment, (b) the part of the credited amount that will be interest - bearing and the part that will be interest - free, and (c) the interest rate to be applied, it will be assumed respectively that: (a) the price will be paid in cash, (b) the credited amount will be paid interest-free, and (c) the interest rate to be applied, in case there exist an interest-bearing credited amount, will be the interest rate applied in legal transactions at the time of payment. In any case that there exists an interest-bearing credited amount, the interest will be calculated upon the unpaid part of the price and will be on top of the instalments when these are payable. Over-due tenders will not be accepted.

and will not be considered. All obligations arising from the tender will be in force until the acceptance of a tender. Tender on behalf of a third party will be valid only if it is stated at the time the tender is submitted and it is covered by a personal guarantee of the submitting person that all obligations arising from the transaction contract of the assets will be fulfilled.

3. Tender must be covered by a letter of guarantee (according to the model included in the Assets Memo) of a Bank legally established in Greece, valid until the acceptance of a tender, for the amount of DRACHMAS TWENTY MILLION (20.000.000). Letters of guarantee will be returned after the acceptance of a tender, except that of the highest bidder.

4. Tenders together with letters of guarantee must be submitted in a non-transparent, sealed envelope.

5. The tenders will be unsealed by the public notary mentioned above, at his office on Thursday, January 9, 1997 at 13:00 p.m. During this procedure, those who have submitted a binding tender in time, may be present and sign the Memo that will be drafted.

6. Highest bidder will be the person whose tender will be decided to be the most profitable for the Liquidator of the Company, by the creditors that represent more than 51% of the claims against the Company (hereafter: «the creditors»), based on a proposal made by the Liquidator.

7. The Liquidator will notify in writing the highest bidder of the Auction to come at the place and the time that will be stated in the notification to sign the contract for the transaction of the assets, according to the terms of his tender and any other improving term that will be recommended by the creditors and agreed with the highest bidder. In case of violation of this obligation of the highest bidder, the letter of guarantee will be held as a penalty. The procedure of the acceptance of the highest bidder will be considered to be completed when the transaction contract has been signed.

8. All expenses of all types for the participation in the Sale Auction and the transaction, as well as any taxes (e.g. V.A.T.), duties, public charges or fees that may be imposed (above the exemptions provided by law) in connection with the participation in the Auction and the transaction contract, its consequences, the certificates and any other deed are exclusively paid by the highest bidder.

9. The Liquidator and the Creditors have no responsibility against participants in the Auction for the valuation of his bid, the election of the highest bidder, the decision for repeating or canceling the Auction and any other decision they may take in respect to the procedure followed in the Auction. Also, the Liquidator, or the creditors, have no responsibility for any real or legal faults of the assets to be sold. The submission of a binding bid does not give the participant any right for the acceptance of his bid, and in general, participants in the Auction do not gain any right, claim or demand from this declaration, or their participation in the Auction against the Liquidator or the Creditors for any reason or cause.

10. This declaration has been written in the Greek language and has been translated into the English Language. In any case of ambiguity, however, the Greek text is predominant.

For the collection of the detailed Assets Memo as well as for any other information, those interested should apply to the Liquidator «ΚΤΙΜΑΤΙΚΗ ΚΕΦΑΛΕΟΥ Σ.Α. - ADMINISTRATION OF ASSETS AND LIABILITIES», 1 Mesogion Avenue, Athens 115 26, tel: (01) 7751750, (01) 7780844, fax: (01) 7784558 (Mr. Th. Katsifos), or the authorized representative Lawyer of the Liquidator, Mr. K. Androutsopoulos, 15 Navarinou Street, Athens, tel: (01) 3811089, fax (01) 3817230.



## NEWS: UK

# Exchange hits back over electronic trading

By John Gapper,  
Banking Editor

The London Stock Exchange yesterday defended its controversial amendments to rules for the introduction of electronic trading next year, claiming that it would otherwise have driven share trading out of London.

Mr Gavin Casey, chief executive of the stock exchange, said that if it had not amended rules to allow some protection for investment banks that risk capital, trading of big blocks of shares "would go

offshore and never come back". Mr Casey was speaking after the exchange disclosed proposed rules for the introduction of electronic order-driven trading from October 20. These were amended from a draft in October after lobbying by big banks and institutional funds. The rules will be reviewed by the Securities and Investments Board in February after a final version is agreed in January. However, Mr Casey emphasised that any amendments would not affect the technology for electronic trading.

The exchange wants its members to push ahead with changes to computers and software to enable the electronic market to start on schedule. SIB is likely to examine most closely changes to rules that allow large investment banks that risk capital to delay publication of large block trades for up to 60 minutes, and avoid executing them in the electronic market.

However, he said rules would continue to be reviewed after the introduction of the order-driven market. "When it starts working,

we will keep in touch with the market, and if some aspect does not work, we will change it." Mr Casey said it would be unwise to establish a radical set of rules in advance of order-driven trading that was likely to alarm firms.

"We would just give them nine months to plan how to do things entirely differently elsewhere," he said. The rules also allow big firms that carry out execution of small trades for retail stockbrokers to do so without putting orders on to

the central electronic order book. "The exchange says that the new rules will ensure a market where at least 75 per cent of trades by value are published immediately. It adds that this is considerably more transparent than either the Frankfurt or Paris bourses.

Investment banks that risk their capital will not have to publish details of trades of more than six times the normal market size for an hour. They will also be allowed to delay publication of "worked trades" where prices may change.

## Defiant premier goes on offensive

By Robert Peston, Political Editor, in Dublin

Mr John Major, the UK prime minister, yesterday gave what may be his final performance as "the grit in Europe's oyster" at a European Union summit, with a diatribe against "centralist" visions of the EU's future.

He insisted he was not a warring force in the EU, in spite of his government's loss of its majority in Thursday's by-election in the northern seat of Barnsley.

But he also gave his first hint that he may be forced to call an election earlier than May 1, his preferred date. The government's ability to survive depended on whether "people behave themselves", in a reference to the fractiousness of his backbench colleagues.

There is now acknowledgement by Mr Major's colleagues that March 20 is an option for the election. Meanwhile, at the Dublin summit, Mr Major issued a warning to his fellow government heads that some of their ideas to allow groups of countries to integrate faster than others could "blow Europe apart".

At a press conference during a short break in the discussions Mr Major said he had taken up with alacrity a suggestion made by French president Mr Jacques Chirac that the leaders should depart from their "pre-prepared briefs" on a proposed new EU treaty.

Mr Major then launched an attack on the "centralist" and "integrationist" visions of Europe's future which he said were held by other governments. "We British are often perceived as having many disputes with our European partners," he said.

But the reality was that "we have one substantial dispute which spreads into very many areas". In an extended metaphor on his role as the oyster's grit, he said his methods "may not look pretty from the outside, but they are very pretty from the inside".

There was the sense of a chapter coming to an end in the history of the UK's relationship with the EU, as Mr Major reminded about the "15 or 16 summits" he had attended since becoming prime minister six years ago.

In a clear indication that the impending UK general election is now colouring all government thinking, one of his aides said that Mr Major's implicit message was that "Europe's future could not be trusted to a Labour government".

He began the day with bravado, declaring "I am here, they [the Europeans] will have to deal with me - and I expect to be here after the election and they will still have to deal with me."

An EU official implied that the government heads might take a different view. "They listened with some interest to what he had to say, but that is in part because his views are not that different from Labour's."

Labour was also celebrating victory in a by-election for the European parliament. Its candidate, Mr Richard Corbett, won, but the turnout - at 11.4 per cent - was the lowest in any UK post-war parliamentary election.

## Parsons plant to lose 400 jobs

By Chris Tighe and Stefan Wagstyl

Rolls-Royce, the UK aero-engines and industrial power group, yesterday announced 400 redundancies at its Parsons Power Generation Systems plant, which it put up for sale earlier this year.

The group also warned of up to 400 further job losses, depending on the needs of potential purchasers of the Newcastle factory in the north of England which employs 1,700 people.

The company said it was talking to several potential buyers and hoped to complete a sale in the first quarter of next year. It hoped that as many as possible of the remaining jobs at Parsons would be saved.

Unions at the Newcastle plant, one of the most famous names in British engineering, expressed concern at the number of redundancies and their timing, but convenor Mr Barney McGill said: "I'm very optimistic the company will be sold."

Rolls-Royce put Parsons up for sale in July when it announced it was pulling out of the large steam turbine business. It also offered for sale International Combustion, a boiler maker.

In November, Rolls-Royce issued 90-day protective notices at Parsons, permitting any or all the workforce to be made redundant after the end of January 1997 and warned that a falling workload would bring progressive reductions.

## Film studios look for boost from lottery money

Producers line up to claim 'biggest handout we've ever had' as Arts Council seeks franchise bids

On Monday morning a stream of couriers will make their way from the film production companies in and around the Soho district of London to the government-run Arts Council in the capital's administrative heart of Westminster.

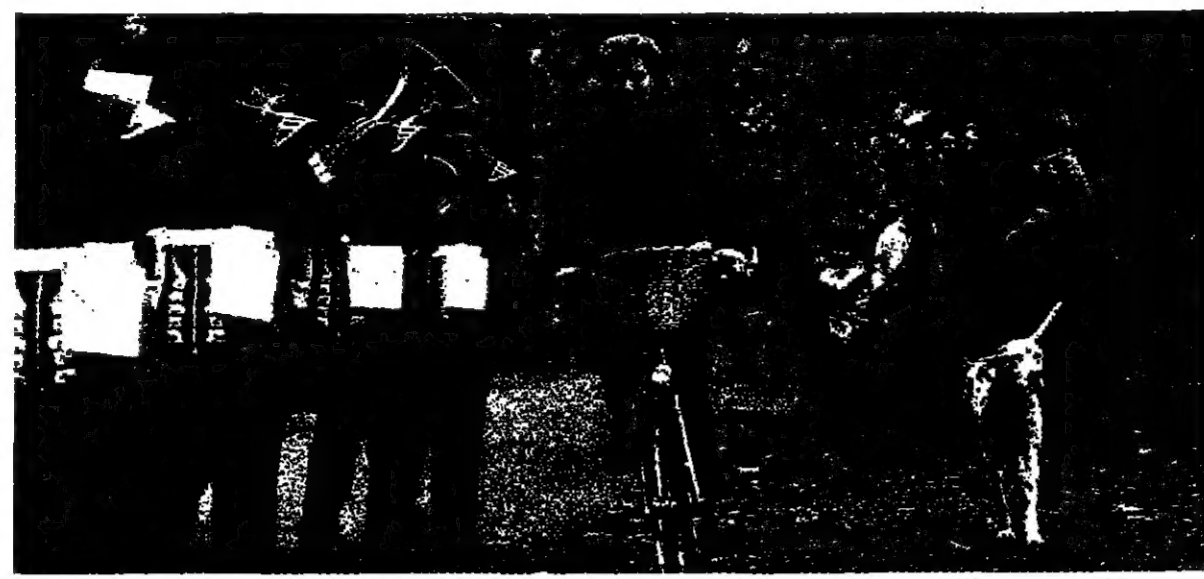
They will deliver notification of various companies' intentions to bid for one of four film franchises, each of which will receive up to £39m (\$64m) of National Lottery funding from the Arts Council over six years. The money can be used to cover no more than half the cost of producing British films.

Applicants must demonstrate how they plan to raise private sector capital for the rest of their budgets. The Arts Council has received more than 350 applications for details of the franchises, and is expected to receive dozens of "intentions to bid" on Monday.

Each franchise will be reviewed at the end of three years. Bidders can apply for between £1m and £8m of lottery funds for each of the first three years, and between £1m and £5m for each of the last three.

"Anyone in British film making would be crazy not to consider it," said one independent producer. "It might look like peanuts to Hollywood but it's the biggest handout we've ever had."

Many of the UK's independent film production companies have already assembled bidding consortia. Filmgate Films, the company behind *Trainspotting*, has joined forces with the *Four Weddings and A Funeral* team, Scala Productions, run by Mr Nik Powell and Mr Steve Woolley, producer of *Michael*



Spot on: Joely Richardson in Walt Disney's 101 Dalmatians which is expected to boost cinema takings over Christmas

## Hollywood epics fuel rise in cinema attendance

The popularity of Hollywood blockbuster movies, *Independence Day*, *Twister* and *Mission Impossible*, fuelled a sharp increase in cinema attendance during the third quarter of the year, Alice Rawsthorn writes.

UK cinema admissions rose to 30.8m in the third quarter, nearly 24 per cent more than in the previous three months, and 9 per cent higher than in the same period last year, according to the Office for National Statistics.

So far the fourth quarter has been subdued, in spite of the success of films such as *Michael Collins*, which has taken almost \$10m in five weeks, and *The First Wives Club*, which has grossed nearly \$8m in four weeks.

*Collins*, has thrown in its lot with Mr Ken Loach, director of *Raining Stones* and *Land and Freedom*, and Skreba-Greenpoint, which made *Enchanted April*. These con-

sortia will have to form alliances with financial institutions and film distributors before they submit their final bids in February to prove that they can meet the

Arts Council's franchise requirements. Mr Powell, co-chairman of Scala, said his consortium had "already made most of the arrangements for finance and distribution". Other producers have decided to bring banks and distributors into their consortia as shareholders.

Merchant Ivory, producers of *Howards End* and *Room*

well, notably Disney's animated *The Hunchback Of Notre Dame*, which grossed more than \$14m. *Twister* took nearly \$25m during its entire UK run, *Mission Impossible* more than \$30m, and *Independence Day* almost \$51m.

Three Hollywood disaster epics, *Dante's Peak*, *Volcano* and *Titanic*, are due out by next summer, as well as sequels to *Speed*, *Alien* and *Jurassic Park*, and a digitally remastered version of the original *Star Wars* series.

Meanwhile, UK film makers, buoyed by the commercial success of *Twister*, are benefiting from increases in funding for UK productions and in the number of US films shot in the UK.

With *A View*, has teamed up with the Guinness Mahon banking group, as well as with First Independent, the film distributors, and Capitol Films, the sales concern.

Ms Premila Hoon, director of Guinness Mahon, said that the bank, one of the UK's largest sources of film finance, regarded participating in a bid as a "natural extension" of its film-related activities.

Count, another bank active in film funding, does not envisage direct involvement in a bid but may play a conventional banking role with successful franchisees.

Similarly, any independent producers excluded from winning consortia may still be able to work with successful bidders. Mr Paul Bradley, executive producer of Merchant Ivory, said that although its consortium would include proposals for specific films in its franchise application, it also intended to collaborate with other production companies.

Several companies intend to bid but are still finalising their plans. Working Title, a UK film production subsidiary of PolyGram, the Dutch entertainment group, intends to participate in a consortium but is still "considering various options". It will register its intention to bid with the Arts Council on Monday, and will then conclude negotiations with its consortium partners by February 28, the bid deadline.

The industry consensus is that the line-up of bidders may well be very different by then with some consortia collapsing and others merging in whole or in part with rival factions.

Alice Rawsthorn

## Argentina mounts charm offensive on eve of rugby

By Jimmy Burns

Argentina yesterday stepped up its post-Falklands war diplomatic charm offensive by offering the UK a sporting hand of friendship on the eve of today's international rugby clash at Twickenham.

The newly-appointed Argentine minister for sport, Mr Hugo Porta, a former captain of the country's rugby team, arrived in London bearing gifts in the form of a draft bilateral "sports co-operation agreement" which he hopes officials from both countries will turn into something more binding in the coming weeks.

"I believe that it is through sport that our two countries can get to know each other better," he said.

He will join his ambassador and UK officials at today's match before a scheduled meeting with Mr Iain Sproat, his UK counterpart, on Monday.

"We will certainly be taking a closer look at Mr Porta's draft, which we haven't seen yet. We may well want to build on it in the coming weeks," the Foreign Office said.

Mr Porta said he had the personal authority of Mr Carlos Menem, the Argentine president, to propose that the two countries develop a programme of joint sponsorship, training and information exchange covering all big sporting activities, particularly at youth level.

The minister said he was "very interested" in the UK government's plans to create an "academy of sport" and give sport a higher profile in schools with the participation of the private sector.

Earlier this week, the Argentine foreign ministry's attempts to woo UK subjects by sending children on the Falkland Islands a Christmas gift of Antoine de Saint Exupery's book *The Little Prince* backfired when it was rejected as offensive by some parents.

But this weekend Mr Porta is hoping to prove a better diplomat than Diego Maradona. The Argentine soccer star was appointed ambassador for sport by Mr Menem in 1990, only to have the title taken from him within weeks after he was arrested on drugs charges.

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The Financial Times 7/10/96 (from MORI survey)



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## McDonald's case comes to an end

By Robert Rice,  
Legal Correspondent

The UK's longest-ever trial finally came to an end last night, after 314 days in court.

Judgment in the libel action brought by the McDonald's Corporation against two environmental campaigners who criticised the global fast-food chain's food, practices and environmental policy, was reserved.

Mr Justice Bell, who has spent his entire judicial career hearing the case since his appointment to the High Court bench in summer 1994, said he did not know how long it would take him to make his decision. A judgment is unlikely until well into next year.

The case pitted the world's biggest food service organisation with an annual turnover of \$25bn against Mr David Morris and Ms Helen Steel.

Unable to obtain legal aid, not available for defamation cases, the campaigners represented themselves.

Over the course of two-and-a-half years, the court heard from more than 100 witnesses, examined more than 40,000 documents, and generated 20,000 pages of transcripts.

During the course of the trial they managed to raise less than £40,000 to support their cause. McDonald's established a £10m legal fund to fight the case.

McDonald's which is unlikely to be able to recover its costs, has already indicated that it will not be seeking damages if the judge finds in its favour.

## Esso seeks cash from its retailers

By Norma Cohen

Esso UK, the affiliate of Exxon Corp, is seeking up to \$50m (\$82m) from its 2,000 petrol retailers to cover the cost of its Tiger Tokens promotional campaign which closed in February.

Letters have been sent to dealers, licensees and agents seeking sums of an average of £25,000, to cover the cost of the campaign, according to the Esso Licensed Retailers' Association.

The demands for payment come against a background of fierce price-cutting by petrol retailers which have been hit by the launch of so-called hypermarkets - supermarket retailers selling petrol at low cost.

Esso said dealers should have expected the payment demands, because in June last year they were told to make provision for costs of gifts purchased with tokens and to assume that 90 per

cent of tokens issued would be redeemed. Dealers' costs were 7p per token.

The dealers say they were told costs were much lower and that they have no legal obligation to pay the bills.

Since February, Esso has been operating a new promotional campaign, Price-Watch, in which it promises to sell petrol through its retailers at prices which reflect local competition.

However, the association claims that to pay for Price-Watch, Esso has raised fees charged to licensees and cut the profit margin allowed on the sale of each litre of petrol to 0.7p per litre from 1.1p.

Mr Paul Horan of the association says Esso is trying to shift the cost of competition to its retailers.

However, Esso says it instituted Price-Watch partly at the instigation of its own retailers who have lost business to the hypermarkets.



## COMPANIES AND FINANCE

## IBM puts emphasis on global operations

By Louise Kehoe  
in San Francisco

International Business Machines, the US computer group, has made several senior management changes, including the appointment of a new chief of its European operations, in a move to emphasise the global nature of its marketing, sales and services.

The changes "are part of our efforts to continue to evolve from a product company to a global solutions company," said Mr Ned

Lautenbach, senior vice-president in charge of sales and services.

Mr William Etherington, formerly in charge of IBM's industry-specific marketing operations based in North America, will succeed Mr Lucio Stacca as general manager of operations in Europe, the Middle East and Africa.

Mr Stacca will continue as chairman of IBM Europe, based in Paris. In this role he will represent IBM in its relationships with governments and large customers.

He will also take on responsibility for sales through third-party distributors and "direct" marketing operations worldwide. The latter includes telesales and on-line marketing.

Although IBM has traditionally sold most of its products through its own sales people - the "blue suits" - the company is shifting toward less expensive third-party and direct marketing channels.

These sales represent about 35 per cent of total IBM revenues, the company

said, and the goal is to increase them to 60 per cent of revenues by 1999.

In other changes, IBM will create a worldwide brand name for its services businesses, which currently have different identities in various parts of the world. In future these will all operate under the IBM Global Services banner.

Mr Lautenbach also announced that industry-specific business units, which focus on sectors such as banking, retail or telecommunications, will be man-

aged on a global basis by Mr David Thomas, formerly head of IBM North America sales.

"Customer requirements dictate that we operate globally so that boundaries don't limit the best thinking, the best people or the best solutions we can bring to customers wherever and whenever they do business," said Mr Lautenbach.

"The needs of our customers are increasingly crossing geographic boundaries," he explained.

IBM analysts said that by

appointing top executives in charge of the worldwide performance of various sales and services operations, the company is also aiming to bring to an end internal squabbles among national and sectoral sales groups.

The changes also represent a continuing shift of power away from country managers and toward central management within IBM since the appointment of Mr Lou Gerstner, IBM chairman and chief executive, three years ago.

## Talks on sale of Castellum stake abandoned

By Greg McIvor  
in Stockholm

Negotiations between Securum, the Swedish asset management group, and Morgan Stanley, the US merchant bank, for the latter to take a substantial stake in Securum's Castellum commercial property arm have been called off.

Securum instead said it was planning to float Castellum, which has a book value of about SEK8bn (\$1.17bn), next spring. It had been in discussions since July aimed at transferring a 60 per cent interest in Castellum to Morgan Stanley.

The two parties said a faster than expected improvement in Sweden's long-depressed property market had obviated the need for a "mezzanine" step en route to Castellum's flotation, which has been Securum's ultimate goal.

Swedish property prices have risen this year and average yields have fallen, indicating that the market is recovering from a trough triggered by a severe recession in the early 1990s. Property and construction shares have risen 19 per cent in Stockholm this year, but have still lagged behind the general market.

Securum said Morgan Stanley and Alfred Berg & Carnegie, two Stockholm brokerage houses, would advise on the flotation. No decision had been made on whether it would be via a public offering or targeted listing.

Morgan Stanley's interest in Castellum, one of Sweden's six biggest property companies, was hailed as the first significant foreign incursion since the market faltered.

Morgan Stanley said: "This is the right decision for Castellum. [It] matured more quickly for a flotation than previously anticipated due to the recovery in the market." The company said it remained interested in Swedish property.

Mr Jan Engström, a Securum spokesman, said the group was aiming to float between 80 and 75 per cent of its holding, and expected a substantial foreign placement. The Swedish property market was "much more normal" than six months ago, he said.

Securum did not envisage much of a discount to Castellum's book value. Castellum consists of some 800 properties centred on Sweden's largest cities, Stockholm, Gothenburg and Malmö.

## Nike puts its hands on ultimate trophy

US sportswear group has signed a sponsorship deal with the world's leading soccer nation

The cry of "GOOOOALLL" could be heard echoing across the Nike campus in Oregon last week, such was the coup the sportswear company had pulled off in signing a record-breaking sponsorship deal with the Brazilian football federation.

The contract with the Confederação Brasileira de Futebol (CBF) was reported to have been worth between \$400m over 10 years. Nike claims the figure is nearer \$300m over 10 years. Either way, it is by far the largest sponsorship deal in the history of football. Nike reportedly had to pay Umbro International, Brazil's existing kit sponsors whose deal still had several years to run, a substantial sum in compensation.

The new deal means that for the next decade Nike will supply the famous gold and blue kit for Brazilian national teams at all levels, including the squads that will defend the World Cup in France in 1998 and compete in the Sydney Olympic games in 2000.

The contract broke new ground, not just because of its size and length, but also because of the exceptional commercial opportunities it affords Nike. It is understood to involve both direct kit sponsorship and various "partnership schemes", which include football-related events, improvements in the game's infrastructure

and training clinics for young players. The company will also be able to sell the television rights to the five friendly fixtures it is arranging for Brazil each year. Nike's first project will probably be a tournament involving the other national teams that it sponsors - the US, Holland, Italy and Russia.

That a sports shoe company can decide who the world champions play may be shocking to fans, but to marketers it makes sense. "I can see there is a logic that sports marketing companies and sponsors will want to promote events like Brazil games," says Mr Andrew Croker of IMG, the sports management group. "At that level of investment, you want more bang for your buck, so Nike will want to exploit the deal in all the key markets in which they are active."

While the contract may look excessive, it may work in Nike's favour because of the way the deal is structured. If Brazil really ends up getting \$400m, that's great for Nike because the more Brazil gets, the more Nike is selling, says Mr Scott Emerson of stockbroker Dean Witter Reynolds in New York.

Despite its status as the world's leading footballing nation, the sponsorship means as much to Brazil as it does to Nike. The compe-

ny's financial support will provide a shot in the arm for Brazilian football. The country may hold the World Cup and provide many of the best players in club football around the world, but the domestic game is suffering from falling attendance.

The Brazil deal is just as important for Nike. Football, a sport the company had left to established sportswear groups such as Adidas and Umbro, is central to Nike's strategy of building up overseas revenues to offset any slowdown in its US footwear market.

As Mr Emerson says: "Nike's market share is so huge in the US that it becomes more difficult each year to grow it at healthy rates. Over the long term, there's more growth to be had internationally."

Nike's football campaign, with the "air" and "kick" "whoosh" symbol, has already seen sponsorship deals with the national teams of Italy, Holland and Russia, clubs such as Arsenal and Borussia Dortmund, and individual stars such as the Liverpool striker Robbie Fowler.

Nike's efforts appear to be paying off. Dean Witter forecasts that in the year ending May 1997 revenues will increase from \$3.5bn to \$3bn and that net income will rise from \$547m to about \$785m.

Much of the growth is coming from overseas sales, which increased 35 per cent in the first quarter. It was no coincidence that the fastest-growing markets in the period were the UK, Italy and Germany - three of the world's most established footballing nations.

The company is now on schedule to meet the target set earlier this year by Mr Philip Knight, its founder and chief executive, of doubling annual revenues from \$5bn to \$12bn by 2002.

But, the Nike-Brazil deal has its critics. One executive of a leading sports marketing group questions whether Mr Knight, in buying up so many big name teams and individuals, is spending recklessly. "Is there a logic to the amount of money he's paying for the deals, or is Phil Knight just trophy hunting," he says.

Certainly, in acquiring the sponsorship rights to the most famous name in world football, Nike has certainly bagged the biggest sports trophy of all. But it has also set a new standard for other sports sponsors to follow. As Mr Rick Anguilla, Nike's head of investor relations, puts it, in appropriately sporting terms: "We've raised the bar to a whole different level."

Patrick Harverson,  
Geoff Dyer



World-beater: Brazil captain Romário holds the World Cup

## Way cleared for more bids in UK power sector

By Simon Holberton

Share prices of UK electricity stocks rose sharply yesterday after Mr Ian Lang, trade and industry secretary, raised no objections to the £782m (\$1.25bn) hostile bid by CalEnergy of the US for Northern Electric, the Newcastle-based electricity company.

Mr Lang said his policy was to refer takeovers to the Monopolies and Mergers Commission primarily on competition grounds and that CalEnergy's offer raised no concerns warranting a reference.

Analysts said that Mr Lang's "no strings attached" clearance meant the regulator and the government were indifferent to the possible disappearance of all quoted regional electricity companies - paving the way for more bids in the sector.

Share prices for the three electricity companies that remain independent rose sharply, with London Electricity ending 26p up at 67 1/2p, Yorkshire Electricity up 14p at 76p, and Southern Electric 26 1/2p higher at 77 1/2p.

Mr Jan Luke, spokesman for

Offer, the electricity regulator, said: "The loss of a listing is important; it is useful to have it, but not enough on its own to advise against a merger."

"The regulator and the government are saying that the sector could disappear: it is now just a question how many bidders there are," one observer said.

CalEnergy, which is offering 650p for each Northern share, welcomed the merger clearance. Mr David Sokol, chairman, said the decision for Northern's shareholders was crystal clear.

He said his offer of 650p a share was "real and certain" compared with the "uncertain future" facing Northern if the bid were rejected.

Northern reiterated its advice to shareholders that they should not sell. Prudential, M&G, and Foreign and Colonial, which together control more than 15 per cent of Northern, said they thought the bid too low and indicated they would reject it.

Mr David Manning, fund manager at Foreign and Colonial, said: "We believe the current bid falls well short of a fair value."

Analysts said the bid was now finely balanced, although they thought CalEnergy would prevail. Northern rose 40p to 642p.

The US company last week declared its offer final and unless it can get in excess of 50 per cent next Friday, when the bid closes, it will have failed.

Currently CalEnergy bidder owns 29 per cent of Northern outright and has a further 4 per cent in acceptances leaving it 17 per cent short of the 51 per cent it needs to keep its offer open.

## Recs' days of independence may be numbered

By Simon Holberton

Let the great electricity sale commence! In waving through CalEnergy's bid for Northern Electric, Mr Ian Lang, trade and industry secretary, yesterday made it clear that he will not stand in the way of a change in ownership of the remainder of Britain's electricity sector.

If there are Americans with pockets deep enough - and the willingness to bet that a change in government in Britain will not be totally bad news for utilities - then London Electricity, Yorkshire Electricity and Southern Electric should be numbering the days of their independence.

The market certainly thought some more potential bidders might be around, as prices for the three remaining independent recs rose sharply in expectation of bids to come, although there

were warnings a-plenty that prices looked frothy.

Mr Lang took pains to remind the City of London, which had needlessly worried that he might block the bid, that he would only refer bids to the Monopolies and Mergers Commission primarily on competition grounds.

In CalEnergy's bid for Northern and Dominion's bid for East Midlands - about which he has yet to pass judgment - there are no questions of competition, just a change of ownership.

Change of ownership could potentially be a concern for Professor Stephen Littlechild, director general of Ofwat, the industry regulator, since loss of independence could reduce the flow of financial information from a company and impair its ability to regulate the sector.

But Ms Jan Luke, of Ofwat, said yesterday: "The loss of a listing is important; it is

## Regional electricity companies

Successful bids	Bidder	Price
Rec	Bidder	£bn
England	Herston	2.5
Norwest	North West Water	1.8
Midland	Avon (EPL/Cheney) (US)	1.8
Seaboard	Central & South West (US)	1.6
Merch	Scottish Power	1.1
Swab	Southern Co (US)	1.1
Swab	Hydro	0.9

Current bids	Bidder	Price
East Midlands	Dominion Resources (US)	1.3
Yorkshire	CalEnergy (US)	0.8

Remaining independents	Price
Rec	£bn
London	2.0
Yorkshire	1.2
London	1.2

useful to have it, but not enough on its own to advise against a merger."

In the Northern bid, Prof Littlechild extracted undertakings from CalEnergy and

The bidders have undertaken to have sufficient financial and management resources to enable Northern to carry out its statutory responsibilities and they have undertaken to co-operate with Prof Littlechild to ensure "appropriate financial separation and financial independence for Northern".

He also extracted undertakings from the bidders to ensure Northern's financial integrity. They would use "all reasonable endeavours to maintain the investment grade of Northern's debt".

Northern's debt currently attracts an A rating. Mr David Sokol, chairman of CalEnergy, told Prof Littlechild when he met the regulator in the early days of the bid that he and his bidding partner Peter Kiewit would put in place a capital structure around Northern that would seek to retain the credit rating.

The regulator's stance in

the Northern bid suggests that Dominion's bid for East Midlands will be approved by Mr Lang in fairly short order.

The Dominion camp is hopeful that approval may come as early as next week. As for Northern, it has put up a spirited fight against CalEnergy, but there are few analysts who believe it has a chance of defeating the bid.

The cold reality of the bid is that CalEnergy has 29 per cent of the company, together with 4 per cent of acceptances.

The offer closes next Friday, and CalEnergy needs to get only 17 per cent more acceptances to top 50 per cent and claim victory.

With Northern's price setting just below CalEnergy's offer of 650p, the US bidder is sitting pretty. As an adviser to CalEnergy said: "We would have been quite worried if it were above it."

## Viag, BT plan to cut phone costs

By Ralph Atkins in Bonn  
and Alan Cane in London

Viag, the German conglomerate, and its partner British Telecommunications are drawing up plans to cut dramatically the cost of mobile telephone calls in Germany if, as expected, they are awarded the country's fourth mobile licence next February.

Aggressive expansion plans are being drawn up despite a decision in October by RWL, the utility concern, to withdraw from talks about joining the Viag/BT alliance.

BT and Viag have said they would invest DM4bn in the German telecoms market over the next five years and suggested another partner might be found - possibly a large retailing group with

expertise in direct sales.

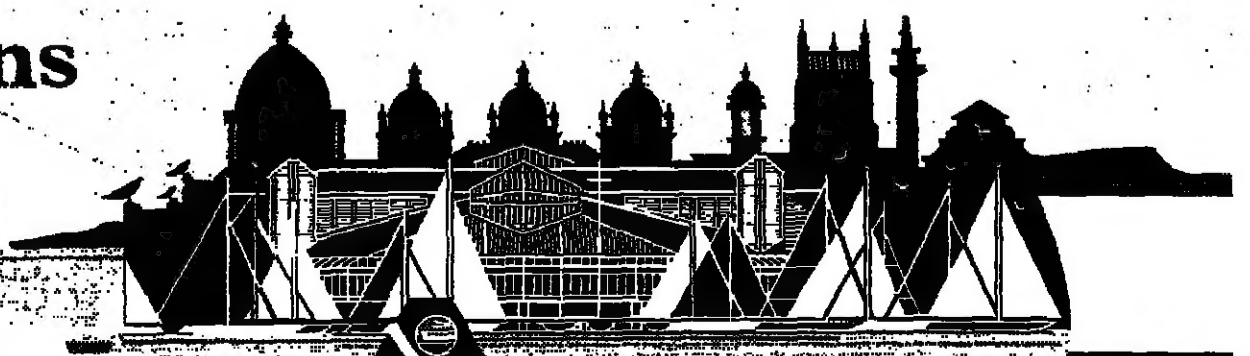
The companies hope to cut monthly running costs for mobile telephones in Germany by DM60 from the current DM130-DM135. The aim is to win a 20 per cent share of the country's market. At DM60, the monthly cost would be roughly equivalent to that of a subscriber to Orange in the UK.

BT said yesterday it could make such substantial savings for two reasons. First, the cost of mobile calls in Germany were declining rapidly due to competition between the three existing operators DeTe Mobil, Mannesmann Mobilfunk and E-Plus. Second, the partners intend to build from scratch a combined fixed wire and mobile network which will bring substantial savings over duplicated networks.

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## COMMODITIES AND AGRICULTURE

## WEEK IN THE MARKETS

## Iraq puts influence on market

By Susanna Voyle

Iraq was a potent influence in commodities markets this week, with worries over increased oil supplies hitting the oil market and US wheat futures buoyed by hopes that Iraq might start buying grains.

Oil futures on London's International Petroleum Exchange were higher on the week in late trading yesterday. Brent Blend for January delivery - the international benchmark - was \$28.05 a barrel, having closed last Friday at \$27.54. This week's fall followed a recent strength in the market. Prices fell most sharply on Wednesday when January Brent closed at \$22.15 a barrel after the first Iraqi crude exports for six years started. The flow of oil followed the finalisation of the UN oil-for-food agreement and the signing on Tuesday of a deal by Turkey to import 75,000 barrels a day of Iraqi crude.

Sentiment in the market also changed because other factors that had buoyed prices began to weaken. Low stock figures in the US had kept prices for heating oil and gasoline high recently as traders expected strong winter demand.

Prices fell slightly yesterday following gains on the New York Mercantile Exchange after forecasts of cold weather. But traders remained nervous. "This market is still treacherous," said one analyst.

The news from Iraq had the opposite effect on US grain prices. Wheat futures on the Chicago Board of Trade rose through the week after Iraq's trade minister said the country hoped to import 1.2m tonnes of wheat.

## WEEKLY PRICE CHANGES

	Latest prices	
Gold per troy oz.	\$389.20	-
Silver per troy oz.	280.75p	-
Aluminum 99.7% (cash)	\$1469.5	-
Copper Grade A (cash)	\$2239.5	-
Lead (cash)	\$707.75	-
Nickel (cash)	\$9530	-
Zinc 543 (cash)	\$1021.5	-
Tin (cash)	\$5762.5	+
Cocoa Futures Dec	\$269	-
Coffee Futures Nov	\$1329	-
Sugar (LDP Raw)	\$259.90	-
Barley Futures Jan	\$265.00	-
Wheat Futures Jan	\$266.40	-
Cotton Outlook A Index	79.65c	-
Wool (84s Super)	402p	-
Oil (Brent Blend)	\$23.02x	-







Man in the News • Sir Norman Foster

## Towering over the skyline

Colin Amery on the architect who is reshaping the centre of London

There is a reticence about both the man and his work that is somehow unnerving. When meeting Sir Norman Foster you could be forgiven for thinking him a modest architect with a small London practice.

He doesn't mention his achievements, which include buildings such as Stansted Airport, the Century Tower in Japan, and his success in so many competitions. Yet he is regarded by many of his peers as the best and most powerful architect in the world.

This week he added another victory to his tally by winning the Financial Times competition to design a Millennium Bridge across the Thames. This is intended to link the City, London's financial district, to the Bankside area south of the river, where a new arts area is emerging around the reconstructed Globe Theatre and the Tate Gallery of Modern Art soon to open in a former power station.

Sir Norman is also the man chosen by Westminster City Council to revitalise central London from Trafalgar Square to Westminster Bridge. He has been given a year to draw up plans that will restrict traffic and create pedestrianised areas between the National Gallery and the Thames, including Whitehall and Parliament Square.

He won the commission against strong competition from Lord Rogers, designer of the Pompidou Centre in Paris and the Lloyd's building in London. Lord Rogers has led a campaign to free London's centre from traffic, producing elaborate plans to create open areas for pedestrians.

Sir Norman believes it was his lack of a blueprint which defeated his long-term rival. Nonetheless, he has already expressed an interest in moving civil servants' cars out of the courtyard in Whitehall ministries and sees the area becoming more like central Oxford or Cambridge, where walkers can stroll between college quadrangles free from noise and pollution.

The work will be done from Sir Norman's London office on the south of the Thames at Battersea, where nearly 300 people work in a purpose-built white palazzo he designed only a few years ago. Although enormous, the place is not grand and there is a sense of dedication to disciplined labour. The atmosphere is one of pure work - an employee

describes it as "the Japanese system of dedicated teamwork". Long lines of project teams face their computer screens in an atmosphere of palpable concentration.

Sir Norman lives in the penthouse above the office in immaculate comfort. By being over the shop he reinforces his total control of the practice - as a team leader who misses nothing, not as a tyrant.

Yet this is also a global business, with architectural offices in London, Glasgow, Berlin, Frankfurt, Hong Kong and Tokyo. He controls the practice as chairman of a board of 10 directors. Each new building has its own project director but Sir Norman oversees all the details - including costs.

There is an irony in this because his fame began with the completion of the headquarters of the HSBC banking group in Hong Kong in 1986. This was designed with no budget to meet the client's request for "the best building in the world".

It certainly fulfilled the brief: the staggered profile of the bank rising from 28 to 41 storeys is now an international landmark. And the design showed how a tower

of offices could be humanised and include grand public spaces as well as efficient private ones. But it has become known as the world's most expensive office building.

Sir Norman entered architecture after national service in the Royal Air Force. This lifted his horizons and introduced him to flying, which remains a passion.

He went to Manchester university's architecture school in 1958 and won a scholarship to Yale. There he was trained by the masters of modernism - Paul Rudolph, Vincent Scully and Serge Chermayeff.

It was in the US that he met Richard Rogers, forming the Team 4 partnership with him in 1963. But two such powerful personalities were doomed not to be a lasting partnership, and he soon launched his own firm with his first wife - Foster Associates in 1967.

The new practice won clients such as International Business Machines, the computer giant, and Willis Faber and Dumas, the UK insurance brokers. His remarkable glass office building at Ipswich in Suffolk for Willis Faber Dumas's headquarters

made glazing history when it opened in 1975. It is now a Grade I listed building.

The fame of the Ipswich glass palace - a discreet and beautiful building - brought Foster to the attention of Sir Robert and Lady Sainsbury, members of the philanthropic family which owns the UK grocery chain. This led in 1978 to the commission for the Sainsbury Arts Centre at the University of East Anglia in Norwich.

This is a building that has been both successful and controversial - the untidied cladding had to be replaced at great expense 20 years after its opening. But Foster today is unlikely to take such experimental risks and the Sainsbury centre gave a new dimension to Foster's practice by changing his image from that of an architect to a modern artist prepared to experiment and develop his art.

Today he is focusing on London while others in his practice complete the new Hong Kong airport at Chek Lap Kok - the biggest building contract in the world. He makes regular trips to Berlin to oversee the rebuilding of the Reichstag and to Frankfurt where the 300m-

tall headquarters of Commerzbank is nearly complete. There are also projects in Saudi Arabia, Korea and Japan.

And in London, Foster is designing the Millennium Tower with Kvaerner, the property developers. Planned to rise to a height of 435 metres and be the tallest building in Europe, it has divided opinion in the City of London. But it has powerful supporters - some at the City Corporation, the local authority for the district, where it is seen as an attraction to stop large financial businesses moving out to Canary Wharf and Docklands.

Lord Rogers seems to have abandoned architecture for politics, with a life peerage bestowed by Tony Blair, the Labour leader. Lord Rogers's only big projects in London are the Millennium Ferris Wheel across the Thames from Westminster and the dome at the Millennium exhibition in Greenwich, which is having difficulty raising funds.

Sir Norman has forged ahead - largely because of the quality of his work.

But not all his clients are blissfully happy. The law students at Cambridge complained about the high noise levels in their new library. But Foster's answer reflected his calm confidence. It was noisy, he said, because the students were so excited about being in their beautiful new building.



Walt Disney is firmly established in film-makers' heaven, and nothing - least of all this week's resignation of Mr Michael Ovitz, group president - seems likely to dislodge it in the foreseeable future.

The entertainment group has already produced a haul of successful movies this year. Two new films - *101 Dalmatians* and *Ransom*, starring Mel Gibson - are moving fast toward the magic \$100m domestic box office total. *Evita*, featuring Madonna, and *The Preacher's Wife*, with Whitney Houston, bow in as the year ends, and both are expected to hit the blockbuster mark.

While Mr Michael Eisner, group chairman and chief executive, may congratulate himself and Mr Joe Roth, his studio chief, on their successes, he may also take time to rue the day in August 1995 when he allowed his long-term friendship with Mr Ovitz to outweigh the advice of some of his closest business associates.

His appointment of the founder-chairman of Creative Artists Agency as second-in-command was seen as an ingenious but risky response to Wall Street's desire for more power-sharing at the top of Disney.

The group had only two years earlier completed its \$19bn (£11.5bn) purchase of the Capital Cities/ABC television conglomerate. Mr Frank Wells, its previous president, had been dead almost two years, while Mr Eisner had undergone complex heart surgery.

Wall Street's reservations were set aside as cinema and marketing success shone on the group. But there was little apparent contribution from Mr Ovitz, who - denied the title of chief operating officer - enjoyed by Mr Wells - busied himself mainly with long-term overseas business development projects.

One of the most-noticed achievements of his brief tenure was to bring to Disney a production and distribution deal for a film about Tibet's Dalai Lama, which recently elicited warnings from Beijing that companies that take time to rue the day in August 1995 when he allowed his long-term friendship with Mr Ovitz to outweigh the advice of some of his closest business associates.

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Successful villainess: Glenn Close as Cruella de Vil in 101 Dalmatians

on the spite of those excluded from his sphere of influence in his previous career. The entertainment industry's envy of his employers' success also played a role in the persistent rumour-mongering.

"Disney is so damned arrogant," said one rival executive before the resignation. "I would have thought a man like Ovitz would have fitted in perfectly."

Far from it. Some of the most pointed criticisms in a flurry of recent damning articles came from Mr Stephen Bollenbach, Dis-

ney's former finance chief, who is believed to have wanted Mr Ovitz's job. "The point was, Michael Ovitz didn't understand the duties of an executive at a public company and he didn't want to learn," Mr Bollenbach said in a bitter interview. He quit soon afterwards to run Hilton Hotels.

The sound of grinding axes is part of the everyday background noise in Hollywood. But Disney's rehearsed reaction to reports of clashes - "nothing more than you would expect in any big company" - and Mr Eisner's less-than-enthusiastic public denials of conflict and disappointment tended to amplify rather than diminish the din.

Much time has been spent examining Mr Ovitz's business record. He was a central figure in Sony's overpriced 1989 purchase of Columbia Pictures. Soon afterwards he advised Matsushita in its ill-fated \$6.5bn purchase of MCA, and was involved five years later when Seagram, the Canadian drinks group, bought control of the business last year for a mere modest \$5.7bn.

Mr Ovitz's central role in broking a joint venture in interactive television between three "Baby Bell" regional telephone companies has also been extensively explored. Recent news reports say that after two years and

\$500m of investment the project could be in danger of dissolution. Disney itself, however, continues to enjoy a successful run. Gross revenues from the group's 1996 film releases topped \$1bn in November - five weeks earlier than in 1995. Its share of all US cinema ticket sales last month exceeded 30 per cent.

Shoppers can barely move in US malls without topping displays of the 1,700 licensed products spawned by the live-action remake of *101 Dalmatians*. The film itself garnered \$50m-plus in its first two weeks, and is expected ultimately to take well over \$300m in the US. Foreign takings and consumer product sales will add handsomely to that, followed by a marketing campaign for the home video launch in 1997.

For the first time Disney has tried to market a live-action film with the sort of campaign previously used to promote its animated features. Almost 160 companies have been licensed to make an extraordinary range of products. Christmas shoppers are reportedly buying half-a-dozen toy Dalmatian pups at a time to recreate at home the spirit and mood of the film.

The video release in November of *Toy Story*, last season's Disney success, generated more than 20m advance orders worth more

than \$500m at retail list prices. Take-home models of Buzz Lightyear, the *Toy Story* spaceman character who makes a virtue of self-delusion and "falling with style", are among the most sought-after Christmas presents in Britain this year. Caught short with too little merchandise for the film's cinema release, Disney is reaping a handsome secondary harvest around the world.

*Hercules*, the next Disney animated feature, comes next year, along with a live-action Tarzan spoof, *George of the Jungle*, which will get the Dalmatian-style marketing treatment.

With this strong slate of films coming through the screen-to-shop entertainment and product pipeline, there might have been time enough for Mr Ovitz to develop and display his virtues as a major league team-player.

But the perception that the man once regarded as the most influential in Hollywood was the weak link at the world's most influential entertainment group guaranteed that his performance would remain under scrutiny. As he said this week, he had become "an unnecessary distraction for a great company".

His other parting words - "it is important to recognise when something is not working" - provided an uncommonly frank admission that he had been ineffective. The group's announcement that it had no plans for a successor and that operations would continue as they had before he arrived, suggested that, worse, he had become irrelevant.

Russia is neglecting its once-feted nuclear elite, says Chrystia Freeland

## Secular priests lose their faith

For the harassed officials of Russia's Ministry of Finance, protests on their doorstep by unpaid civil servants - school teachers, subway workers, coalminers - have become commonplace.

But this week the muddy pavement in front of the granite treasury building was occupied by people who were once part of the Kremlin elite: the scientists and workers who build and maintain Russia's military and civilian nuclear arsenal.

Once known as the *chokoladniki* for their privileged access to consumer goods, Russia's nuclear physicists have gone up to six months without wages. Now, like other employees in the state-funded sector, they have fallen on hard times.

For millions of unpaid workers across the country, this financial squeeze has already become a personal tragedy. But western and Russian politicians worry that, now the cash shortage has penetrated the nuclear complex, it could lead to an international disaster.

Such fears were summarised on the placards carried by the protesting scientists in Moscow. They warned: "An impoverished nuclear worker is a threat to Russia" and "The planet may perish in the ruins of the Russian nuclear industry".

The depth of the crisis was underscored six weeks ago by the suicide of Mr Vladimir Nechay. One of the nation's top nuclear scientists, he unexpectedly returned to his office in the evening and shot himself in the head.

With an angry outpouring of letters that blamed Mr Nechay's demise on the wider problems of Russia's nuclear weapons complex.

Mr Boris Litvinov, chief designer at Mr Nechay's institute, wrote that the authorities had shown "a complete lack of understanding of the role and place of nuclear weapons in the security of Russia" and "scandalous contempt for the builders and creators of those weapons".

Mr Nechay was the head of the closed nuclear research city of Snezhinsk, a top-secret installation known as Chelabinsk-70 in the Soviet era, which contributed to the design of half of the country's nuclear arsenal. The city and others like it, which did not appear on Soviet maps and were closed to ordinary Russians, were the heart of the Soviet Union's drive to establish itself as a superpower.

For ordinary citizens, the nuclear priesthood, whose work merited the best supplies a rickety communist economy could provide. Even the lifestyle of the nuclear physicists was the stuff of romance, as in the popular Soviet film, *Nine Days in a Year*, the hero of which is a nuclear scientist working in a closed city.

The scientists themselves subscribed to this idealised view of their deadly profession. "We gave up our entire life for it," explained Mr

Boris Murashkin, a nuclear researcher at Snezhinsk, who worked for more than a quarter of a century with Mr Nechay designing Russia's weapons of mass destruction.

Mr Murashkin is so worried by the decline of the nuclear centres that last month he broke a lifetime's habit of secrecy, leaving his city encircled with barbed wire and making the two-hour trip through the frozen hills of the Urals to Chelabinsk, the nearest "open" city, to tell his story.

"The closed cities gave us a place for energetic, creative work. We didn't work for money," he said. "We worked for our passion, our work itself... and for not losing the cold war."

Even the late Andrei Sakharov, who left his career in physics to become Russia's pre-eminent dissident, was susceptible to the nuclear mystique. He recalled: "We saw ourselves at the centre of a great enterprise on which colossal resources were being expended."

During their protest this week, the nuclear workers claimed that the federal government owed the Ministry of Atomic Energy - which is responsible for both military and civilian nuclear programmes - \$200-300bn (\$560bn) by November 1, including \$8500bn in unpaid wages.

The situation is especially dire in the closed cities, where the falling nuclear research centres are the sole employers. Their residents usually lack the money and political connections required to move to more prosperous regions.

In a grim letter to Mr Victor Chernomyrdin, the prime minister, written shortly before his suicide, Mr Nechay described the conditions in Snezhinsk as "catastrophic". Inter-city telephone lines had been cut off. Wages had not been paid for four months. Even the leaves of bread that the research centre had resorted to paying its workers in lieu of cash had run out.

In a last-ditch effort to bail out the institute, Mr Nechay had resorted to borrowing \$200-300bn from commercial banks. Other scientists at the centre have set up private "commercial struc-

tures" to earn money. This sort of *de facto* privatisation of government institutions is ubiquitous in a country where state schools, hospitals and even the customs service have branched out into money-making ventures of varying degrees of legality.

But as the Russian state withers away in other sectors of the economy, scientists and political leaders have begun to warn that the government must maintain a monopoly in weapons of mass destruction - and provide adequate funding.

"Why am I sounding the alarm? Because we see things collapsing ever more quickly," says Mr Murashkin. "The level of financing in the nuclear complex is fatal and dangerous for the whole world."

"We have all these weapons. Who will look after them? Who will watch them? What happens when there is a military alert? Imagine if you have a car, it has its peculiarities. A stranger who puts his key in the ignition cannot immediately start it up. Nuclear weapons are much more complex than cars."

Consumed by the firefighter's task of dealing with each political and economic crisis as it flares up, the Kremlin has paid scant attention to the slow disintegration of its hidden cities. Even Mr Nechay's violent end failed to arouse the capital's interest: there was no Moscow envoy at the funeral of one of the nation's top nuclear scientists.

It would be a bitter irony if, now that the cold war has ended, this new indifference to Russia's nuclear arsenal provoked the smuggling of weapons to terrorists or a peacetime accident.

Few industries are more dependent on the weather than the winter sports business. Heavy early snow should lead almost automatically to bumper profits for the main equipment manufacturers, or so you would have thought.

Why then was last month's timely blanketing of the European Alps followed this week by a profit warning from Skis Rossignol, the world's biggest alpine ski manufacturer? Salomon, the world's largest maker of ski bindings, does not expect a vintage year either. It expects its results for the year to the end of March 1997, excluding exceptional items, to be about the same as last year's FF207m (£29.9m).

The root cause of both companies' current difficulties is the same - and it has nothing to do with the weather. After years of being content to descend the pistes on orthodox alpine skis, winter sports enthusiasts have started experimenting with a bewildering array of new gear in pursuit of what the marketing men call "new sliding pleasures".

The winter sports market is, in short, experiencing an unprecedented period of fragmentation. A recent Salomon report spoke of a tendency to "zap" between one activity and another.

The most important trend has been the explosive growth in the popularity of snowboarding, a cross between skateboarding and surfing, once dismissed as a fad for rowdy youngsters but now poised to become an Olympic sport. Salomon expects world snowboard sales to rise to 1.4m-1.5m boards in the 1996-97 winter sports year, up from 1.1m-1.2m a year ago and just 400,000 in 1993-94. Sales of alpine skis are expected to

## No lift for skis

### David Owen on stagnant winter sports profits



fall 9 per cent this year to less than 5m pairs.

The snowboard is by no means the only new product to which winter sports enthusiasts are turning.

According to Mr Jean-Jacques Bompard, general secretary of Skis Rossignol, nearly half of early-season US ski orders were for parabolic or "hourglass" skis, designed to allow users to carve better turns in the snow.

Mr Bompard says Rossignol expects parabolic skis to account for 12 per cent of its sales volume in 1996-97, up from 1.5 per cent last year.

group secretary of Salomon, also points to the growing popularity of very short, 90cm-long, skis. Older winter sports enthusiasts are meanwhile said to be turning to snow shoes as a means of staying on the slopes when their skiing days are over.

Such trends may be positive for the traditional equipment makers in the long term. And the rash of new products has certainly galvanised a market that was stagnating after the winter sports boom of the 1980s. For the moment, however, the main effect of the fragmentation has been to confront companies with heavy product development costs.

Salomon expects its diversification costs to soar to some FF60m this year from FF15m in 1995-96. Some of this investment may shortly start to bear fruit with the launch of a new range of snowboards. The company's long-term aim is to attain annual worldwide snowboard sales of \$100m-\$150m (£61m-£91m). Rossignol, which claimed 9 per cent of the world snowboard market in 1995-96, has this year launched new ranges of snowboards and parabolic skis.

Both groups' prospects appear to hinge on establishing their new products in their fast-growing market segments and on how quickly the overall market settles down.

If, as many expect, the flood of new winter sports products eases, both groups should be able to trim their product development budgets with immediately beneficial effects. Problems could arise, however, if consumers' thirst for new, know-based experiences resulted in higher development costs, becoming a permanent feature of the industry.



## CURRENCIES AND MONEY

## D-Mark down

## MARKETS REPORT

By Richard Adams

The D-Mark fell sharply yesterday against other prospective members of the European single currency after European Union leaders in Dublin agreed a stability pact to maintain fiscal discipline after monetary union.

In late trading in London, the D-Mark sank briefly to around FF3.375, one of the lowest levels it has seen against the French franc since 1993.

The D-Mark had been at FF3.375 when the pact was announced. It later partially recovered to FF3.375.

Against the Italian lira the D-Mark dipped to L989, the lowest level it has seen since 1993. On Thursday the D-Mark had closed at L989.8.

The US dollar also gained against the D-Mark. In late trading against the German currency it rose towards

DM1.550. At the close of official trading earlier in the day, it had settled at DM1.546. This compared with DM1.544 at the close of the previous day's trading.

Sterling climbed against the D-Mark to DM2.570 in after hours trading, having finished the week at DM2.564.

The Spanish peseta was stable after Spain's central bank cut 50 basis points off its key money rate to 6.25

## Pound in New York

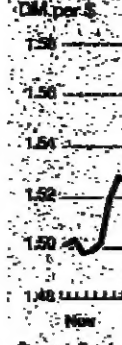
Dec 13 Last Close - Prev. Close -  
1 spot 1.8570 1.8580  
1 month 1.8570 1.8580  
3 month 1.8570 1.8580  
1 year 1.8570 1.8580

per cent, following positive inflation data. Against the D-Mark it closed at FF3.417, stronger than Thursday's close.

Spain's November consumer price index was unchanged after a 0.1 per cent rise in October. Year-

## Dollar

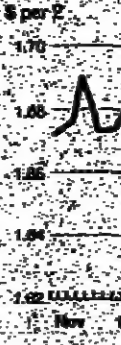
DM per \$



Source: Reuters

## Sterling

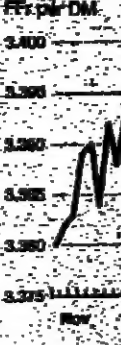
£ per \$



Source: Reuters

## D-Mark

FF per DM



Source: Reuters

on-year, it rose 3.3 per cent, compared with a 3.5 per cent rise in October.

The high levels of sterling held as cash by institutions in the City at the moment could be seen in the response to the Bank of England's weekly 91-day Treasury bill tender.

The Bank reported that its regular \$200m offer attracted bids of £1.243bn. The average rate of discount fell to 6.004 per cent, from 6.073 per cent last week.

Mr Philip Shaw, chief economist at Union Discount in London, said that the fall in the rate of discount at the tender reflected confidence that UK interest rates were very unlikely to be raised until January or February.

"It follows a softer picture of the money markets seen in the last week," he said.

The Bank also forecast a money market shortage of £1bn. Only £51m of bills were sold to the Bank by 3pm. The Bank then provided the market with £510m

of late help, bringing the total to £1.21bn.

Mr Shaw said he was surprised at the size of the shortage, as clearing banks on a Friday typically wanted cheap overnight money for the weekend.

Liquidity is said to be high because institutions are starting to close their books for the year, having taken profits in the bond and equity markets. But last week's wobbles on Wall Street and uncertainty over the outcome of the EU's sta-

bility pact left institutions happier holding cash than assets.

Complaints that the French franc's current rate is uncompetitive against the D-Mark should be seen in light of a seasonally-adjusted current account surplus of FF14.1bn in September.

The franc was supported by inflows from overseas buying of French government bonds which bought a total of FF1.9bn worth of bonds.

## POUND SPOT FORWARD AGAINST THE POUND

Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	
Europe	18.0457	+0.0004	362	550	18.0550	+0.0004
Australia	18.0457	+0.0004	362	550	18.0550	+0.0004
Canada	18.0457	+0.0004	362	550	18.0550	+0.0004
Denmark	18.0457	+0.0004	362	550	18.0550	+0.0004
France	18.0457	+0.0004	362	550	18.0550	+0.0004
Germany	18.0457	+0.0004	362	550	18.0550	+0.0004
Greece	18.0457	+0.0004	362	550	18.0550	+0.0004
Italy	18.0457	+0.0004	362	550	18.0550	+0.0004
Japan	18.0457	+0.0004	362	550	18.0550	+0.0004
Netherlands	18.0457	+0.0004	362	550	18.0550	+0.0004
Norway	18.0457	+0.0004	362	550	18.0550	+0.0004
Portugal	18.0457	+0.0004	362	550	18.0550	+0.0004
Spain	18.0457	+0.0004	362	550	18.0550	+0.0004
Sweden	18.0457	+0.0004	362	550	18.0550	+0.0004
Switzerland	18.0457	+0.0004	362	550	18.0550	+0.0004
UK	18.0457	+0.0004	362	550	18.0550	+0.0004
USA	18.0457	+0.0004	362	550	18.0550	+0.0004
Asia	18.0457	+0.0004	362	550	18.0550	+0.0004
Americas	18.0457	+0.0004	362	550	18.0550	+0.0004
Europe	18.0457	+0.0004	362	550	18.0550	+0.0004
Australia	18.0457	+0.0004	362	550	18.0550	+0.0004
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Germany	18.0457	+0.0004	362	550	18.0550	+0.0004
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Netherlands	18.0457	+0.0004	362	550	18.0550	+0.0004
Norway	18.0457	+0.0004	362	550	18.0550	+0.0004
Portugal	18.0457	+0.0004	362	550	18.0550	+0.0004
Spain	18.0457	+0.0004	362	550	18.0550	+0.0004
Sweden	18.0457	+0.0004	362	550	18.0550	+0.0004
Switzerland	18.0457	+0.0004	362	550	18.0550	+0.0004
UK	18.0457	+0.0004	362	550	18.0550	+0.0004
USA	18.0457	+0.0004	362	550	18.0550	+0.0004

## DOLLAR SPOT FORWARD AGAINST THE DOLLAR

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day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point	Change on day	Dec 13	Closing mid-point
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## CROSS RATES AND DERIVATIVES

Dec 13	BF	DM	FF	DM	FF	DM	FF	DM	FF
Belgium	18.0457	+0.0004	362	550	18.0550	+0.0004	362	550	18.0550
Denmark	18.0457	+0.0004	362	550	18.0550	+0.0004	362	550	18.0550
France	18.0457	+0.0004	362	550	18.0550	+0.0004	362	550	18.0550
Germany	18.0457	+0.0004	362	550	18.0550	+0.0004	362	550	18.0550
Italy	18.0457	+0.0004	362	550	18.0550	+0.0004	362	550	18.0550
Netherlands	18.0457	+0.0004	362	550	18.0550	+0.0004	362	550	18.0550
Norway	18.0457	+0.0004	362	550	18.0550	+0.0004	362	550	18.0550
Portugal	18.0457	+0.0004	362	550	18.0550	+0.0004	362	550	18.0550
Spain	18.0457	+0.0004	362	550	18.0550	+0.0004	362	550	18.0550
Sweden	18.0457	+0.0004	362	550	18.0550	+0.0004	362	550	18.0550
Switzerland	18.0457	+0.0004	362	550	18.0550	+0.0004	362	550	18.0550
UK	18.0457	+0.0004	362	550	18.0550	+0.0004	362	550	18.0550
USA	18.0457	+0.0004	362	550	18.0550	+0.0004	362	550	18.0550

## JAPANESE YEN FUTURES (MM) Yen 12.5 per Yen 100

Kr	Est	Open	High	Low	Est. vol	Open Int.	S	V	Esc
34	490.4	408.8	21.38	4.132	1.994	4.274	3.140	357.3	2.518
96	284.1	244.2	15.01	2.224	1.019	2.301	1.690	182.4	1.356
40	289.1	339.0	13.04	2.320	1.025	2.801	1.819	217.9	1.358
70	156.2	161.7	4.05	0.851	0.890	0.947	0.730	10.8	0.518
10	269.5	216.2	11.31	2.156	1.022	2.382	1.881	190.1	1.333
124	10.3	10.620	0.446	0.066	0.038	0.090	0.065	7.450	0.053
33	90.02	75.01	3.924	0.758	0.348	0.784	0.578	85.59	0.482
0	241.2	200.9	10.201	2.032	0.951	2.101	1.544	175.7	1.208
47	10	93.32	4.359	0.642	0.598	0.614	0.726	51.6	0.614
10	222.9	181.6	10.10	2.033	0.958	2.101	1.544	175.7	1.208
115	229.9	191.0	10.10	1.853	0.898	1.969	1.461	167.1	1.178
182	116.7	95.59	5.174	1	0.458	1.034	0.780	86.46	0.910
74	229.0	216.5	11.29	2.192	1	2.257	1.628	185.7	1.330
769	114.8	95.61	5.002	1.897	0.443	1	0.736	85.51	0.506
70	156.2	139.2	6.905	1.3	0.920	1.080	1.113	82.0	0.820
182	137.3	114.4	5.993	1.195	0.530	1.196	0.875	10.0	0.705
779	194.7	162.3	8.698	1.641	0.762	1.697	1.247	141.9	1

Estados, Lira and Pesetas per 100.

## EURO CURRENCY CURRENCY UNIT RATES

DAILY EUROPEAN CURRENCY UNIT RATES						
Dec 13	Eu. cur. rates	Rate against \$	Change on day	% +/- from yr. start	% spread v. nearest	Div. Int.
Australian	0.738700	0.759904	+0.000945	-0.28	6.85	36
Belgian	35.95434	5.70702	+0.000685	-0.48	2.81	97
British	1.97	196.409	-0.012	-0.01	1.11	197
Canada	163.628	163.182	+0.00100	-0.41	1.70	8
French	2.16970	2.17306	+0.000774	0.15	1.13	-1
German	1.90548	1915.18	-0.15	0.46	0.82	-3
Italian	38.7181	38.9253	-0.0008	0.22	0.76	-4
Japanese	1.62573	1.62855	+0.00008	0.56	0.70	-6
Netherlands	13.4948	13.5974	+0.00053	0.81	0.68	8
Portuguese	7.34555	7.41870	+0.00025	1.00	0.29	-7
Spanish	6.45983	6.54198	-0.00046	1.25	0.00	-11
IN U.S. MEMBERS						
London	253.539	306.500	+0.0089	3.70	-2.52	-
Paris	0.785103	0.755409	-0.000184	-4.27	5.59	-
Note: Central rates set by the European Communities. Commodity rates in descending market strength. Percentage changes are for Eu. cur. & positive changes denote a weak currency/Denominator shows the rate of change in U.S. dollar.						

## UK INTEREST RATES

Dec 13	Overnight	7 days	One month	Three months	Six months	One year
Dec	18.0457	+0.0004	362	550	18.0550	+0.0004
Jan	18.0457	+0.0004	362	550	18.0550	+0.0004
Feb	18.0457	+0.0004	362	550	18.0550	+0.0004
Mar	18.0457	+0.0004	362	550	18.0550	+0.0004
Apr	18.0457	+0.0004	362	550	18.0550	+0.0004
May	18.0457	+0.0004	362	550	18.0550	+0.0004
Jun	18.0457	+0.0004	362	550	18.0550	+0.0004
Jul	18.0457	+0.0004	362	550	18.0550	+0.0004
Aug	18.0457	+0.0004	362	550	18.0550	+0.0004
Sep	18.0457	+0.0004	362	550	18.0550	+0.0004
Oct	18.0457	+0.0004	362	550	18.0550	+0.0004
Nov	18.0457	+0.0004	362	550	18.0550	+0.0004
Dec	18.0457	+0.0004	362	550	18.0550	+0.0004

## THREE MONTH STERLING FUTURES (LIFE) £500,000 points of 100%

Dec	0.9830	0.9806	-0.0015	0.9860	0.9801	9,346	27,467
Jan	0.9836	0.9827	-0.0011	0.9860	0.9814	19,642	48,333
Jun	0.9065	0.9050	-0.0003	0.9065	0.9050	9	1,156

**STERLING FUTURES (MM) £82,500 per £**

Dec	1.6544	1.6568	+0.0034	1.6600	1.6528	3,357	34,429
Jan	1.6594	1.6572	-0.0044	1.6572	1.6568	8,484	20,554
Jun	-	1.6510	+0.0018	1.6510	1.6490	1	2,206

## BASE LENDING RATES

FUTURES PRICES AND 30-DAY VOLUMES (2,123,456 contracts per pound)						
	CALLS			PUTS		
Ex- piry	Dec	Jan	Feb	Dec	Jan	Feb
140	1.56	2.51	3.05	-	0.95	1.88
150	0.56	1.88	2.51	0.77	1.25	2.01
160	0.24	1.26	2.06	0.65	1.06	2.65
Previous day's vol., Calls 116 Puts 190 - Prev. day's open int., Calls 34,281 Puts 67,235						

## UK clearing bank base lending rate 6 per cent from October 30, 1996

Dec 13	Over- night	7 days notice	One month	Three months	Six months	One year
Interbank	7 - 8 1/2	8 1/4 - 8 3/4	8 1/4 - 8 1/2	8 1/4 - 8 1/2	8 1/4 - 8 1/2	8 1/4 - 8 1/2
Discount	-	-	-	-	-	-
Treasury Bills	-	-	5 1/2 - 5 3/4	6 1/4 - 6 1/2	6 1/4 - 6 1/2	6 1/4 - 6 1/2
Bank Bills	-	-	6 1/2 - 6 3/4	6 1/4 - 6 1/2	6 1/4 - 6 1/2	6 1/4 - 6 1/2
Local authority depts.	5 1/2 - 5 3/4	5 1/4 - 5 3/4	6 1/4 - 6 1/2	6 1/4 - 6 1/2	6 1/4 - 6 1/2	6 1/4 - 6 1/2
Discount Market depts	5 1/4 - 5 1/2	5 1/4 - 5 1/2	6 1/4 - 6 1/2	6 1/4 - 6 1/2	6 1/4 - 6 1/2	6 1/4 - 6 1/2

UK clearing bank bills tendering rate 5 per cent from October 30, 1986

	Up to 1 month	1-3 months	3-6 months	6-9 months	9-12 months
Cash of Tan dep.	2 1/2	2 1/2	2 1/2	2 1/2	4 1/4

Cash of Tan dep., under £10,000 £2 1/2. Deposits with reserve for cash 4 1/4 p.c.  
Overnight, tender rate of discount on Dec 13 1986 7 1/2 p.c. (3 months bank bill 5 1/2 p.c., 6 months 6 1/4 p.c., 9 months 6 1/4 p.c., 12 months 6 1/2 p.c.)  
12 months bill 7 1/2 p.c. Agreed rate for period Dec 23, 1986 to Jan 23, 1987 8 1/2 p.c.  
12 months bill 7 1/2 p.c. Agreed rate for period Dec 23, 1986 to Jan 23, 1987 8 1/2 p.c.  
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## UNIT TRUSTS

## WINNERS AND LOSERS

## TOP FIVE OVER 1 YEAR

Johnson Fry Sister Growth	1,429
Jupiter European	1,358
GT Orient Acc	1,337
Gartmore UK Smaller Companies	1,336
HSBC Hong Kong Growth	1,321

## BOTTOM FIVE OVER 1 YEAR

Save & Prosper Korea	583
Baring Korea	624
Old Mutual Thailand Acc	640
Schroder Seoul	660
Fidelity Japan Smaller Cos	740

## Jupiter European



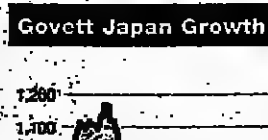
## TOP FIVE OVER 3 YEARS

Hill Samuel US Smaller Cos	2,028
Profit Technology	2,000
Jupiter European	1,886
PM North America Growth	1,883
Baring Europe Select	1,837

## BOTTOM FIVE OVER 3 YEARS

Save & Prosper Korea	512
Schroder Seoul	643
Save & Prosper Far East Sm Cos	649
Gartmore PS Emerging Markets	689
Govett Japan Growth	684

## Govett Japan Growth



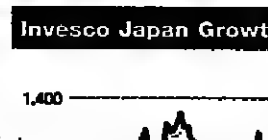
## TOP FIVE OVER 5 YEARS

Profit Technology	4,296
Gartmore American Emer Gth	4,185
HSBC Hong Kong Growth	4,072
Perpetual American Smaller Cos	3,922
GT Orient Acc	3,894

## BOTTOM FIVE OVER 5 YEARS

Friends Prov Japanese Sm Cos	826
Govett Japan Growth	846
Barclays UK Japan Inc	906
Fidelity Japan Smaller Cos	915
Invesco Japan Growth	936

## Invesco Japan Growth



## TOP FIVE OVER 10 YEARS

Hill Samuel US Smaller Cos	6,768
Gartmore American Emer Gth	5,884
HSBC Hong Kong Growth	5,848
Gartmore Hong Kong	5,701
Profit Technology	5,662

## BOTTOM FIVE OVER 10 YEARS

Barclays UK Japan Inc	745
Mercury Japan	798
M&G Japan & General Acc	852
Waverley Australian Gold	958
Capal-Cure Japan & Gen Inc	960

## Gartmore Hong Kong



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Source: HSW (01625 511311)

## Indices

Average Unit Trust	1025	1185	1834	2454	3.5	2.5
Average Investment Trust	1076	1185	1997	2567	4.0	4.7
Bank	1033	1112	1229	1394	0.0	3.0
Building Society	1032	1115	1236	1394	0.0	3.0
Stockmarket: FTSE All-Share	1136	1348	1967	3395	3.5	3.9
Inflation	1022	1025	1134	1240	0.0	0.0

## UK Growth

Jupiter UK Growth	1146	1664	2693	3687	3.4	2.4
Johnson Fry Sister Growth	1443	1580	2337	3157	3.5	1.8
River & Mercantile 1st Growth	1186	1557	2337	3157	3.5	1.8
Credit Suisse Fellowship Inc	1186	1554	2337	3157	3.5	1.8
Samwa UK Growth	1156	1529	2028	2828	3.5	1.8
SECTOR AVERAGE	1082	1270	1843	2628	3.5	1.8

## UK Growth &amp; Income

Mercury UK Equity	1091	1359	2054	2867	3.4	2.4
Family United Charities	1149	1353	1841	2138	3.1	2.2
Perpetual Income	1063	1330	2262	3100	3.2	2.9
Fleming Select UK Income	1134	1329	1846	2882	3.4	3.1
Profit UK Blue Chip	1122	1327	2023	2828	3.5	3.1
SECTOR AVERAGE	1086	1308	1788	2786	3.4	2.9

## UK Smaller Companies

Gartmore UK Smaller Companies	1341	1880	2188	2668	3.6	0.2
Laurence Keen Smaller Cos	1230	1797	2188	2668	3.6	0.2
INVESTCO UK Smaller Companies	1184	1728	2388	2786	4.5	1.3
AES Smaller Companies	1186	1727	2250	2786	4.5	1.3
Credit Suisse Smaller Cos's Inc	1112	1647	2247	4118	3.7	0.9
SECTOR AVERAGE	1091	1351	1809	2391	3.6	1.8

## UK Equity Income

Jupiter Income	1180	1614	2696	3687	3.4	4.2
GT Income	1131	1408	2439	3701	3.4	4.0
BWD UK Equity Income	1182	1408	1979	2567	3.4	3.9
River & Mercantile 1st Income	1082	1383	1983	2567	3.4	4.2
Lazard UK Income	1100	1336	2026	2567	3.5	5.0
SECTOR AVERAGE	1086	1177	1802	2790	3.3	4.7

## UK Equity &amp; Bond Income

Profit Extra Income	1071	1267	1886	2847	3.0	4.5
Bullfinch Gifford Conv & General	982	1203	2075	2238	3.0	5.2
N&P Higher Income	1080	1179	1948	3108	3.0	5.2
CIS UK Income	1041	1152	1736	2238	2.8	4.3
Edinburgh High Distribution	1040	1150	1546	2316	3.7	4.5
SECTOR AVERAGE	1033	1088	1681	2350	2.8	5.8

## UK Eq &amp; Bd

BWD Balanced Portfolio	1102	1447	2088	2635	3.7	1.3
NPI UK Extra Income Inc	1064	1308	2129	2635	3.0	2.9
Perpetual High Income	1049	1277	2244	2635	2.9	3.5
Credit Suisse High Income Port	1047	1268	2156	2635	3.1	4.2
Canille Income Dis	1062	1194	1782	2476	2.8	3.7
SECTOR AVERAGE	1061	1193	1849	2623	3.0	3.4

## Gilts &amp; Fixed Interest

Abtrust Fixed Interest	1112	1202	2046	2635	2.4	9.0
Thornhill Preference Inc	1037	1178	1789	2393	1.9	8.8
Edinburgh Gilt & Fixed Int Inc	1020	1172	1346	1789	1.7	8.3
Franklin Convertible	1066	1141	1691	2403	2.6	8.1
Handerson Preference & Bond	1066	1140	1584	2371	1.8	8.3
SECTOR AVERAGE	1022	1052	1441	2176	2.0	8.7

## International Equity Income

Martin Currie Int'l Income	1044	1153	2085	2635	3.1	3.4
GT International Income	1014	1150	2036	2635	2.8	3.0
M&G International Income	1028	1138	1935	2523	2.8	4.8
Mayflower Global Income	877	1128	1817	1877	3.1	4.3
GEM Dolphin Int'l Gth & Income	1016	1103	1748	2001	3.0	2.8
SECTOR AVERAGE	1020	1108	1857	2192	2.9	3.6

## International Fixed Interest

Barclays UK European Bond Inc	1082	1123	1935	2635	1.3	6.1
Baring Global Bond	1034	1112	1670	2635	1.7	6.2
Mercury Global Bond Acc	988	1075	1528	2635	1.7	5.3
Old Mutual Worldwide Bond Inc	980	1075	1438	2635	1.7	5.0
Thornhill Dredner Europe Bnd	947	1069	1438	2635	1.7	5.0
SECTOR AVERAGE	943	1001	1399	1618	2.0	5.3

## International Equity &amp; Bond

Bank of Ireland Ex Mgd Growth	1082	1307	1998	2635	2.7	3.0
NPI Worldwide Income Inc	1058	1207	1798	2635	2.9	1.4
Newton Intrepid	1008	1241	1935	2635	3.3	1.8
Cazenove Portfolio	1034	1240	1980	2635	2.8	1.8
Gartmore PS Long Term Balance	1084	1215	1981	2635	2.9	3.0
SECTOR AVERAGE	1029	1134	1684	2370	2.7	2.5

## International Growth

Profit Technology	1010	2052	4381	5747	6.1	1.1
Franklin Growth	1103	1713	3214	5747	6.8	1.1
Henderson Global Technology	953	1628	2947	5026	5.7	1.1
Scottish Equitable Technology	1088	1678	2488	4351	4.3	0.8
Britannia Int'l Spec Opp's Acc	1171	1432	2707	444	4.4	1.1
SECTOR AVERAGE	1010	1142	1824	2308	3.8	1.1

## Nth America

Hill Samuel US Smaller Cos's	1051	2052	3382	6574	5.2	1.1
PM North America Growth	1062	1872	3443	4339	4.6	1.1
Edinburgh N American	1164	1753	3118	3276	3.3	0.6
Gartmore American Emer Gth	1213	1747	4284	5891	5.6	1.1
Friends Prov American Sm Cos	1100	1740	3181	3585	5.3	1.1
SECTOR AVERAGE	1078	1367	2350	2918	3.7	0.6

## Europe

Jupiter European	1363	1848	2976	3687	3.5	0.6
Baring Europe Select	1280	1781	2545	2614	3.6	0.8
INVESTCO European Small Cos	1279	1683	2656	2558	3.5	1.1
INVESTCO European Growth	1254	1653	2537	2541	3.8	1.1
Gartmore European Sel Opps	1109	1647	2640	2618	3.0	1.1
SECTOR AVERAGE	1085	1314	2038	2293	3.1	0.9

## Japan

Hill Samuel Japan Technology	808	1175	1408	1848	6.4	1.1
Martin Currie Japan	880	1055	1477	1848	5.8	1.1
NatWest Japan Acc	839	1047	1477	1848	5.8	1.1
F&C Anglo Nippon Exempt	830	1031	1282	1670	5.0	1.1
Schroder Tokyo Inc	859	1029	1423	2294	6.3	1.1
SECTOR AVERAGE	805	883	1124	1360	5.4	0.2

## Far East Inc Japan

United Friendly Far Eastern	850	1084	1774	2635	3.9	0.7
GAM Far East Inc	889	1081	1954	2635	4.8	1.1
Perpetual Far East Growth	961	1055	2467	3425	4.8	0.8
Friends Prov Pacific Basin	960	1039	1784	2635	4.7	1.1
Abtrust Pacific	951	1023	2257	3598	4.8	0.3
SECTOR AVERAGE	938	923	1822	2282	5.1	0.7

## Far East ex Japan

HSBC Hong Kong Growth	1228	1273	4108	5561	8.5	1.0
Friends Prov Australian	1038	1201	1983	3388	8.2	1.1
Old Mutual New Zealand	1038	1187	2547	3425	4.6	2.0
Henderson Exempt Pacific	1034	1087	2448	2923	8.5	0.9
GT Orient Acc	1230	1086	3803	5747	7.2	0.1
SECTOR AVERAGE	986	942	2800	3885	6.7	0.6

## Commodity &amp; Energy

M&G Australian & General Acc	1217	1373	2148	2044	6.1	2.0
M&G Commodity & General	1029	1305	2033	2897	6.1	0.2
Waverley Australian Gold	1048	1281	2508	328	10.4	1.1
Save & Prosper Gold & Expt'n	1111	1082	2308	1700	8.9	1.1
Hill Samuel Natural Resources	948	1088	1607	2193	8.5	0.4
SECTOR AVERAGE	986	1112	2157	2031	6.8	0.5

## Nth America

Hill Samuel US Smaller Cos's	1051	2052	3382	6574	5.2	1.1
PM North America Growth	1062	1872	3443	4339	4.6	1.1
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## Far East Inc Japan







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### Authorized and Insurances

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Highs &amp; Lows shown on a 52 week basis

## WORLD STOCK MARKETS

## NORTH AMERICA

UNITED STATES (Dec 13/US\$)

(in millions)

DOW JONES

S&amp;P 500

NASDAQ

NYSE

AMEX

NYSE ARCA

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

NYSE Euronext

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In the world of automotive component systems, Rockwell is world class.

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## INDICES

	Dec 13	Dec 12	Dec 11	High	Low
Argentina (Dec 13/US\$)	171.49	170.00	169.00	170.00	168.00
Australia (Dec 13/A\$)	221.5	220.5	219.5	220.5	218.5
Brazil (Dec 13/R\$)	110.0	109.0	108.0	109.0	107.0
Canada (Dec 13/C\$)	71.0	70.0	69.0	70.0	68.0
Denmark (Dec 13/Dkr)	110.0	109.0	108.0	109.0	107.0
France (Dec 13/FrF)	110.0	109.0	108.0	109.0	107.0
Germany (Dec 13/M\$)	110.0	109.0	108.0	109.0	107.0
Greece (Dec 13/Dr)	110.0	109.0	108.0	109.0	107.0
India (Dec 13/Rs)	110.0	109.0	108.0	109.0	107.0
Indonesia (Dec 13/Rp)	110.0	109.0	108.0	109.0	107.0
Italy (Dec 13/Li)	110.0	109.0	108.0	109.0	107.0
Japan (Dec 13/Yen)	110.0	109.0	108.0	109.0	107.0
Korea (Dec 13/Won)	110.0	109.0	108.0	109.0	107.0
Malaysia (Dec 13/M\$)	110.0	109.0	108.0	109.0	107.0
Mexico (Dec 13/P\$)	110.0	109.0	108.0	109.0	107.0
Netherlands (Dec 13/Gld)	110.0	109.0	108.0	109.0	107.0
New Zealand (Dec 13/N\$)	110.0	109.0	108.0	109.0	107.0
Norway (Dec 13/Kr)	110.0	109.0	108.0	109.0	107.0
Philippines (Dec 13/Php)	110.0	109.0	108.0	109.0	107.0
Poland (Dec 13/Zl)	110.0	109.0	108.0	109.0	107.0
Portugal (Dec 13/Esc)	110.0	109.0	108.0	109.0	107.0
Spain (Dec 13/Ptas)	110.0	109.0	108.0	109.0	107.0
Sweden (Dec 13/Kr)	110.0	109.0	108.0	109.0	107.0
Switzerland (Dec 13/Sfr)	110.0	109.0	108.0	109.0	107.0
Taiwan (Dec 13/N\$)	110.0	109.0	108.0	109.0	107.0
Thailand (Dec 13/Bt)	110.0	109.0	108.0	109.0	107.0
Turkey (Dec 13/Lira)	110.0	109.0	108.0	109.0	107.0
UK (Dec 13/£)	110.0	109.0	108.0	109.0	107.0
US (Dec 13/\$)	110.0	109.0	108.0	109.0	107.0
South Africa (Dec 13/Rand)	110.0	109.0	108.0	109.0	107.0

## US INDICES

STOCK INDICES									
	Dec 13	Dec 12	Dec 11	1989	1988	1987	1986	1985	1984
Dow Jones	8937.1	8922.5	8907.9	8937.1	8907.9	8937.1	8907.9	8937.1	8907.9
S&P 500	103.3	103.1	102.9	103.3	102.9	103.3	102.9	103.3	102.9
NASDAQ	2881.36	2881.37	2911.15	2881.37	2881.37	2881.37	2881.37	2881.37	2881.37
NYSE	2257.57	2257.57	2252.04	2257.57	2252.04	2257.57	2252.04	2257.57	2252.04
NYSE Comp.	2257.57	2257.57	2252.04	2257.57	2252.04	2257.57	2252.04	2257.57	2252.04
NYSE Comp. P/E	2257.57	2257.57	2252.04	2257.57	2252.04	2257.57	2252.04	2257.57	2252.04
NYSE Comp. P/E Ratio	2257.57	2257.57	2252.04	2257.57	2252.04	2257.57	2252.04	2257.57	2252.04
NYSE Comp. P/E Ratio	2257.57	2257.57	2252.04	2257.57	2252.04	2257.57	2252.04	2257.57	2252.04
NYSE Comp. P/E Ratio	2257.57	2257.57	2252.04	2257.57	2252.04	2257.57	2252.04	2257.57	2252.04
NYSE Comp. P/E Ratio	2257.57	2257.57	2252.04	2257.57	2252.04	2257.57	2252.04	2257.57	2252.04
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NYSE Comp. P/E Ratio	2257.57	2257.57	2252.04	2257.57	2252.04	2257.57	2252.04	2257.57	2252.04
NYSE Comp. P/E Ratio	2257.57	2257.57	2252.04	2257.57	2252.04	2257.57</			



# Dow rises after nervous morning Volatility to continue ahead of handover

Louise Lucas reports on the outlook for Hong Kong

## AMERICAS

Technology shares moved decisively lower at mid-session while blue chip shares waxed and waned within a 90 point range of Thursday's close as trading remained nervous on Wall Street, writes Lisa Branstetter in New York.

The Nasdaq composite, which is weighted toward technology shares, slid 10.73 at 1,297.60 on a slide by Oracle Systems, the fourth largest company in that index. The Pacific Stock Exchange technology index was 0.9 per cent lower.

Shares in Oracle dropped \$3.40 or 7 per cent to \$44 after the database software company reported second quarter earnings of 27 cents a share, a cent below the

mean estimate. Intel, the biggest semiconductor company in the world and the largest company on the Nasdaq, lost \$1.40 at \$35.50 and Microsoft slipped \$1.40 at \$50.75.

The Dow Jones Industrial Average fell nearly 53 points in the first hour of trading before turning stronger and rising almost 41 points. By 1 pm, however, the blue chip index had settled between those levels with a gain of 4.23 at 8,377.94.

The more broadly traded Standard & Poor's 500 also bounced higher and lower before settling with a loss of 1.70 at 727.50. Volume on the NYSE was relatively heavy at 288m shares.

Yesterday's volatility was due partially to a turnaround in the bond market, which opened lower and

then reversed course after holding above an important technical floor.

Consumer shares outperformed economically sensitive cyclical shares with the Morgan Stanley index of consumer stocks advancing 0.1 per cent, while the counterpart index of cyclical shares lost 0.3 per cent.

Rising consumer shares in the Dow included Merck, which rose \$1.40 at \$77.40, and Procter & Gamble, \$1.40 stronger at \$105.40.

Philip Morris gave up \$1.40 after rising by more than \$10 this month, bringing the shares to \$112.40. American Express, which is a component of the Dow, added \$1.40 at \$54 in the wake of reports that the company had been in talks to be acquired by Citicorp. Shares in Citicorp

were \$1 stronger at \$89.70. TOBACCO continued to decline in light trading, and at noon the 300 composite index was 23.24 lower at 5,899.60.

Conglomerates were the bottom-rated sector during the morning session, losing more than 2 per cent. Canadian Pacific came off \$1 at \$35.30.

Alcan Aluminum shed 15 cents to \$46.15. Royal Bank of Canada added 10 cents to \$46.50. Newbridge Networks rode on the back of a recent broker buy note, adding 80 cents to \$41.80.

SAO PAULO was flat at mid-session as investors took a cautious approach on the last day of trading before options expiring on Monday. The Bovespa index was 115 weaker at 65,459.

Telebras was the only blue chip to trade higher, adding 1.9 per cent to \$89.50 in response to draft rules announced for the telecommunications sector by the communications minister, Mr Sergio Motta. He confirmed that Telebras's long distance carrier subsidiary, Embratel, would be privatized in 1997.

MEXICO CITY fell 1 per cent at mid-session, catching up with declines in neighbouring markets on Thursday when Mexican markets were closed for a public holiday. The IPC index was 33.60 down at 3,204.15.

CARACAS continued to gain ground, following up modestly on Thursday's strong session. At mid-session, the IBC index was 28.61 higher at 6,176.50.

It has been a curious few weeks for the Hong Kong stock market. On November 28, the market surged more than 200 points within minutes of opening. But last Thursday, the reverse happened: the index skidded some 4 per cent in the space of a minute.

Even for the notoriously volatile market, the two incidents - the first the result of aggressive futures-related trading, the second, a computer glitch - unsettled investors, who have had an otherwise excellent fourth quarter.

Overseas funds have been pouring into the territory, and on November 28, the benchmark Hang Seng index hit its all-time high of 13,744.30, an increase of some 36.4 per cent over the year. Turnover has also been swelling: last month's daily average was HK\$3.4bn, up 36 per cent on October.

While turnover has remained robust in December, stock prices have been coming off. Yesterday the index lost 2.1 per cent to close at 12,736.40, but this still represented a gain on the year of 26.4 per cent.

Bullish brokers put recent losses down to "healthy" consolidation after the virtually uninterrupted rally from 12,500 points to 13,000 and beyond. They reckon a mix of good corporate earnings, a rebounding economy and the run-up to July 1 next year, when China resumes sovereignty over Hong Kong, will take the index beyond 14,000.

The "handover effect" could provide a cushion against rising interest rates. Most market practitioners expect mainland money to flow into the territory around the time of the transition, in order to bolster prices and create a feelgood effect. Evidence of this trend has already been spotted in the property market.

"There are four key drivers to the Hong Kong market," says Mr Mark Simpson, head of Hong Kong research at ING Barings. "These are earnings, interest rates [changes in which are

imported from the US via the territory's currency peg with the US dollar], liquidity and the feelgood factor. On our forecasts, we reckon 14,000 is fair value for the index going forward."

The broker is looking for underlying earnings growth of 18 per cent next year, before exceptional. But while the fundamental earnings picture is strong, Mr Simpson stresses that Hong Kong will remain US-led.

At home, the property market, a key plank of the stock market, may be vulnerable. After a hull which followed government anti-

book, Mr Niem says most banks have crept above this and some now have exposure of over 50 per cent.

Most analysts reckon that the government will not intervene to calm property prices with anti-speculation measures, as it did before, because it would be too politically sensitive to cool the market so close to the handover.

Some also point out that the increasing role of international finance in property loans may make it harder for the government to push the banks into taming the market, for example by increasing the maximum loan-to-value of a property.

But most brokers do not believe these threats will deter international fund managers from buying Hong Kong. It is Asia's second biggest market after Japan, and in relative terms fairly priced. Hong Kong is on a price earnings multiple of 13.2 times 1997 earnings, compared with a regional average of around 15.

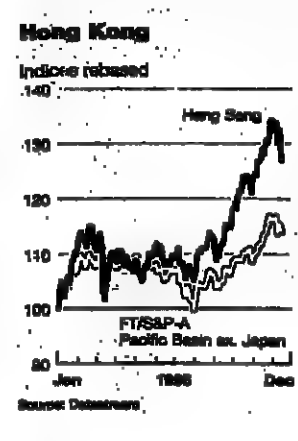
However, Hong Kong's historical discount (because of the 1997 handover) has receded this year as the market has been re-rated upwards and its neighbours re-rated downwards.

Favoured sectors include the conglomerates and certain banks, as well as China plays. H shares, which are in a sense the purest China plays, as they are former mainland enterprises trading on the Hong Kong market, are still out of favour in the medium term.

"You've got to be wary of the 1996 results, which could be bad. These companies have a track record of disappointing on the earnings front," says Mr Niem.

Bullish brokers and their more conservative peers, however, are agreed on one thing: the next six months will be volatile.

As Mr Simpson says, "It's a vulnerable market, as we've seen over the past two weeks." And that's without the technology failures.



## Equities end well off the day's lows

### EUROPE

Bourses followed Wall Street, finishing well off their worst. FRANKFURT's Dax index fell to 2,755.12 before closing 31.17 point lower at an Ibis-indicated 2,815.77. Turnover eased from DM9.5bn to DM9.4bn.

Recent high flyers in the chemicals sector took more punishment, with BASF shedding DM1.80 or 3 per cent at DM53.43. Automotive stocks, which had been exuberant, were mixed. Porsche posted a 1.5 per cent loss at DM125.00 at DM1,015. Volkswagen recovered DM4.15 to DM56.50.

VW, depressed by the legal battle with General Motors of the US over allegedly stolen industrial secrets, took heart after Lehman Brothers upgraded the stock to "outperform" from "neutral".

In mid-caps, Brau and Brunnen, restructuring after years in the doldrums, came further off the bottom to close DM6 higher at DM119. Bayernhypo upped its direct stake in the brewer from 33.6 per cent to a controlling 58.6 per cent this week, and BZW said that it would review its self recommendation.

PARIS trudged lower for the fourth day running. At the close, the CAC 40 was down 8.70 at 2,203.41 or more than 6 per cent short of its peaks of early December.

Construction stocks were mixed after two reports pointing to a severe jobs shakeout for the sector over the next few years.

Bouygues lost FF12 or 2.3 per cent to FF154. In spite of the announcement late on Thursday of a strategic link with the Saint Gobain group, Biffage, off more than 5 per cent at one stage, ended

FF165.80. Most of the selling was said to be of foreign origin, although, among internationals, Philips had a relatively resilient day, off 40 cents at FF167. Hoogovens managed to side-step the downturn altogether; the steel group gained 40 cents to FF170.10.

ZURICH blue chips recovered from their worst levels and the SMI index, which dipped briefly below 3,800, finished 20.7 down at 3,838.3.

Among second tier stocks, Riber jumped 50 cents to SF76.50 after the Finnish Meise-Serla confirmed talks about a possible purchase of Riber's fine paper business.

AMSTERDAM dipped below 600 before recovering to close with the AEX index at 600.50.

STOCKS IN THE WEEK'S CHANGES

Stock	% Change
Helsinki	-3.1
Milan	-2.4
Paris	-1.2
Amsterdam	-1.1
Frankfurt	-0.8
Zurich	-0.6

### FTSE Actuaries Share Indices

Dec 18	Dec 19	Dec 20	Dec 21	Dec 22	Dec 23	Dec 24	Dec 25	Dec 26	Dec 27	Dec 28	Dec 29	Dec 30	Dec 31
FTSE 100	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50
FTSE 250	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50

Dec 18	Dec 19	Dec 20	Dec 21	Dec 22	Dec 23	Dec 24	Dec 25	Dec 26	Dec 27	Dec 28	Dec 29	Dec 30	Dec 31
FTSE 100	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50
FTSE 250	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50

Dec 18	Dec 19	Dec 20	Dec 21	Dec 22	Dec 23	Dec 24	Dec 25	Dec 26	Dec 27	Dec 28	Dec 29	Dec 30	Dec 31
FTSE 100	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50
FTSE 250	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50

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FTSE 100	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50
FTSE 250	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50

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FTSE 100	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50
FTSE 250	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50

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FTSE 250	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50

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FTSE 250	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50

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FTSE 250	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50

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FTSE 250	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50

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FTSE 250	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50

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FTSE 250	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50	10,511.50

Sydney	w/c
Bangkok	-0.5
Shanghai B	-0.8
Shenzhen B	-17.5



















Career official overcomes French opposition

## Ghana's Kofi Annan to become UN chief

By Michael Littlejohns  
in New York

Mr Kofi Annan, the Ghanaian head of UN peacekeeping operations, will be the new secretary-general of the United Nations, succeeding Mr Boutros Boutros Ghali, whose resignation was vetoed last month by the US.

Mr Annan will take office on January 1 for a five-year term. France, which had opposed his candidacy in retaliation for the American veto of Mr Boutros Ghali, its own first choice, joined the consensus of security council members yesterday in recommending that the general assembly confirm Mr Annan.

The 186-nation body is expected to elect him either on Monday or before its scheduled adjournment the following day.

Sir John Weston, the UK del-

egate and a strong supporter of Mr Annan, was the first council member to disclose the decision. He said it was good for Africa and for the UN.

Last night Mr Boutros Ghali, in whom the US said it had lost confidence, congratulated Mr Annan and said he was pleased that Africa had been able to secure the secretary-general's office for a second term.

Some diplomats said Mr Annan's appointment was a blow for France, which supported Mr Amara Essy, the Ivory Coast foreign minister, after Mr Boutros Ghali suspended his own candidacy.

There was speculation last night that Paris may have exacted a price for dropping its opposition to Mr Annan - perhaps a promise of one or more top jobs in the new administration.

Mr Annan will be the first

career official to head the UN, having joined the World Health Organisation in 1962 as a junior administrative officer in Geneva. He speaks French well, a qualification that France requires of the secretary-general. But he has been away from Africa for so long that some African states were uneasy about his candidacy, which was proposed by Fit Lt Jerry Rawlings, Ghana's head of state.

Mr Annan was educated in the US and Switzerland. He has a master's degree in economics from the Massachusetts Institute of Technology, and once served as UN director of personnel.

Coincidentally, Kofi is the word for Friday in the Fante language of Ghana, and yesterday was Friday the 13th, which some members saw as a good omen for the new UN chief.

VW 'stood to gain from the activities of Lopez'

By Wolfgang Münchau  
in Darmstadt

German state prosecutors yesterday said that Volkswagen could have derived commercial benefits from the alleged industrial espionage activities of its former senior executive Mr José Ignacio López, who is being indicted on criminal charges of embezzlement and betrayal of company secrets.

In its first public statement the state prosecution confirmed the indictment of Mr López, VW's former head of purchasing, and three associates in connection with their departure from General Motors to VW in March 1993.

VW has drawn some comfort from the fact that the prosecutors said Mr López had acted alone, without the knowledge of other VW board members, including Mr Ferdinand Piëch, VW's chairman. Mr López resigned from VW two weeks ago, but was rehired as an outside consultant.

Mr Gerhard Andres, head of the prosecutors' office in Darmstadt, said at a news conference that prosecutors had interviewed 196 witnesses and produced a paper mountain in one of the most complicated cases in the history of German corporate law.

The prosecution alleges that Mr López and three associates began plotting their actions four months before they left GM for VW.

Mr Andres said the four "obtained documents from the development, planning, production and purchasing departments which were of interest, and which they kept beyond their departure from General Motors/Adam Opel in order to utilise them for their work at VW and to destroy them later, at least in part".

This information included details about "Plant X", a proposed factory in the Basque region of Spain, lists of purchasing and cost data about four car models, and information about future projects.

A source close to Mr López's defence team said none of the documents had been secret, and that the prosecution omitted to interview relevant witnesses. They include a witness from the Basque regional government and witnesses from a Spanish supplier who could have confirmed that the Plant X project was first offered to GM, which rejected it, and later to VW.

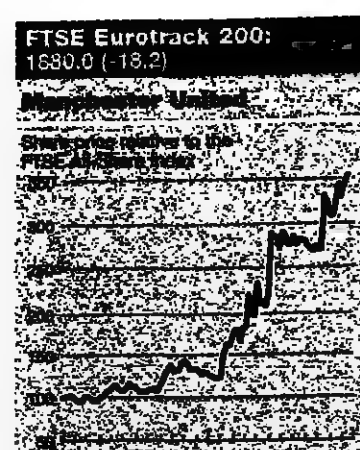
Both sides tried to portray the prosecution's statements as a victory. VW stressed Mr Piëch and other executives were not implicated, while Opel attacked VW for trying to "play down" the indictments and whip up anti-US sentiment among the German public.

## THE LEX COLUMN

### Irish mist

The stability pact agreed yesterday in Dublin is a very European document - replete with hard numbers, but wholly susceptible to fudge. That makes it an appropriate post-Maastricht counterpart to the convergence criteria - a logical enough outcome, since both have the same aim: to secure sound fiscal behaviour from putative or actual Euro members. Mr Theo Waigel, the German finance minister who floated the idea, put on a brave face; the pact, he said, was evidence that the euro would be a hard currency. But it is the French who have most reason to celebrate; they have avoided the automatic sanctions for fiscal profligacy that Mr Waigel sought.

This is just as well. The red-blooded stability pact the Germans wanted always resembled nothing as much as a recipe to sabotage the whole project. But whether the agreement reached justifies the bond markets' enthusiastic response is more questionable. It by no means disposes of all the risks surrounding Euro. Who qualifies for the first wave remains an important question; the debate on this will now resume in earnest. French desire for political oversight of the future European central bank also remains a threat.



income, and media sector multiples to TV and sponsorship profits, and you get close to the current share price. Factor in pay-per-view TV, which should be tested out by the end of this season, and the numbers start to look positively sober; the probability of a cash bonanza for the big clubs is high.

Football clubs are like film studios, providing a steady supply of programming for the proliferation of TV channels around the globe. But, unlike studios, they do not produce box office flops - so long as they stay in the top league. Nike is allegedly paying \$400m for a 10-year sponsorship deal with Brazil's national team. That is not far below United's stock market value and a lot more than its competitors, which include some globally recognised brands.

Even this lacks the greater ability to take part in necessary industry restructuring that a corporate structure brings. But if mutuals elsewhere are determined to stay so, they should learn from their British counterparts. Members are far more likely to take a balanced view of the attractions of immediate conversion if the alternative - remaining mutual - is likely to offer a stream of tangible future benefits. The fact remains, however, that British mutuals are strikingly unwilling to offer their members this choice. If they want to make a convincing case for staying mutual, they must.

members' capital for acquisitions looks a compelling reason to convert. Those which want to stay mutual have one big counter-argument: they can offer customers better deals because they need not pay dividends to shareholders. And in Britain at least, pressure to convert means mutuals are finally turning this theoretical claim into reality. Certainly, the better lending and deposit rates on offer from UK mutual building societies bring them a step closer to justifying their existence.

But such wheezes have snags. They unhelpfully distort the market, discouraging new non-mutual entrants. And they are opaque; in practice it is difficult to know what rates members would otherwise have been offered. A better and more transparent solution is the Britannia building society's handing out a share of profits in a cash payment more like a dividend.

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## Tough pact over euro

Continued from Page 1

17 hours of negotiations over two days, said: "We are talking about a serious economic discipline to which we have committed ourselves within a stability and growth pact."

Ministers still need to translate the political agreements reached in Dublin into a legal text, expected to be finalised in Amsterdam in June.

● The prices of Spanish and Italian government bonds were boosted by the news of the agreement of the stability pact, writes Richard Lapper.

Yields on 10-year Spanish bonds fell by about a sixth of a percentage point to 6.99 per cent, while yields on Italian paper of the same maturity dropped by a tenth of a percentage point to 7.5 per cent.

## US cabinet

Continued from Page 1

the post of chairman of the Council of Economic Advisers. All the new appointments, except that of Mr Sperling, must be confirmed by the Republican-controlled Senate.

The most important appointment announced yesterday was that of Mr Daley, son of the former Chicago mayor Richard Daley, and brother to the current Chicago mayor, also Mr Richard Daley.

The new commerce secretary will control a department which was a backwater in previous administrations, but took on new prominence under Mr Ron Brown, the former secretary who died in an aircraft crash this year.

## BT alliance wins stake in Swiss telecoms network

By Nicholas Denton in London

British Telecommunications has beaten Deutsche Telekom of Germany on its own doorstep to win part ownership of Switzerland's second telecoms network and an alliance with the state operator in Austria.

BT, which already has joint ventures in Germany, Italy, Spain, Sweden, the Netherlands and France, will thereby plug two of the last holes in its coverage of Europe in advance of the liberalisation of the EU telecoms market in 1998.

BT, together with TeleDanmark, is investing \$874.50m (\$698.5m) to take 49 per cent of Newtelco, the telecoms system being laid along railway lines to break into the \$5.8bn (\$4.5bn) a year Swiss market.

The Anglo-Danish alliance beat off a bid by Deutsche Telekom and France Telecom which had been expected to win because of the importance of Germany and France in international telecoms traffic to and from Switzerland.

BT will fold its existing Swiss business into Newtelco in exchange for a 20 per cent stake in the venture and TeleDanmark - a partner in BT's Concert alliance - will inject about \$825m in cash to take a 29 per cent stake.

The remaining 51 per cent will stay with the three founders, Swiss Federal Railways, Union Bank of Switzerland and Migros, the retail co-operative. However, UBS, which also advised Newtelco, is

expected to leave the venture. It also emerged yesterday that Concert - BT's alliance with MCI Communications which is cementing by merging with the US long-distance carrier - has drawn in PTV Austria, the state-owned national carrier.

Deutsche Telekom already has a stake in O-Call, an Austrian mobile operator, but BT's deal gives it an edge over capturing the corporate market fought over by the UK carrier, Deutsche Telekom and AT&T of the US.

Under the accord, PTV Austria will tap Concert to provide customers with fast international connections for computers and other advanced services and will funnel international traffic through Concert's network.

Although electricity utility RWE abandoned an alliance with BT in October because of doubts over its UK partner's commitment to the German market, BT has the most comprehensive network of partnerships across Europe.

Vias Interkom, BT's German joint venture with Vias engineering conglomerate, yesterday indicated it would pursue an aggressive price-cutting strategy once it enters the mobile communications market next year.

In Italy, BT has a partnership with Banco Nazionale del Lavoro and Mediobanca, in Spain with Banco Santander, and in Sweden with Telnor and TeleDanmark.

## Football clubs

How do you value a football club? This is more than a sporting matter, given the raft of impending football flotations from Newcastle to AC Milan. In the old days, goals and injuries determined value. But even since the milestones of British Sky Broadcasting's massive Premier League television rights contract in 1992, valuation methods have not become much more scientific. Hence, the UK's four listed Premier League clubs have on average risen almost 200 per cent so far this year.

Manchester United's upgraded stadium, aggressive marketing and global brand make it the premium benchmark for valuations. It trades at a seemingly racy prospective price/earnings ratio 50 per cent above the market average. But apply leisure sector multiples to gate receipts and merchandising

## Mutuality

Across the world, mutuals look an endangered species. The fashion for converting into listed companies extends far beyond Britain. AMP, Australia's largest insurer, was this week the latest to announce its plan to convert. Swiss Life, one of Europe's biggest mutuals, is already demutualising. Even South Africa's Sanlam is considering it.

One explanation is straightforward: members' enthusiasm for a quick windfall. But there is business logic too. As proper companies with shareholders, former mutuals will be under stronger pressure to be efficient and to innovate. Moreover, they will have more freedom to join in the current wave of consolidation in financial services. For the likes of AMP and Sanlam, the awkwardness of using existing

## UK electricity

Following Britain's clearance of CalEnergy's bid for Northern Electric, is the stock market right to conclude all three remaining independent regional electricity companies are potentially up for grabs? Probably. In particular, it is good news that the regulator is now understood to think it is not worth blocking bids just to keep some independently-listed companies. And on this point, the government seems unlikely to second-guess him. But regulation is not the only risk. There is also the possibility that bidders do not emerge - or, at least, not for all three. And with the stocks already trading at cash-flow multiples close to the price Dominions Resources is paying for East Midlands Electricity, they are far from cheap. Investors play this game at their peril.

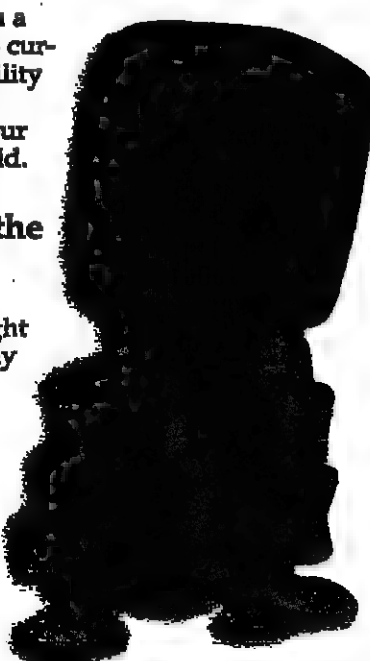
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**FT WEATHER GUIDE**

**Europe today**

Much of western Europe will become sunny, especially Germany, France and the Benelux. Daytime temperatures will be between 2C and 4C but nights will be cold with temperatures of around -3C to -6C.

The Balkans will stay cloudy with some rain.

The Carpathians and the interior of Bosnia-Herzegovina will have heavy snow.

It will be cold in Scandinavia with temperatures reaching -12C at most.

Temperatures will be close to 0C in Poland and the Baltic states.

**Five-day forecast**

The Mediterranean will continue to have unsettled weather. Northern Europe will also remain unsettled with heavy snow in some areas.

Central Europe will be calm with changeable skies and areas of persistent fog.

**TODAY'S TEMPERATURES**

Location	Max	Min	Location	Max	Min	Location	Max	Min
Abu Dhabi	31	24	Amman	18	10	Amsterdam	10	4
Algiers	20	12	Antwerp	10	4	Athens	18	10
Algeria	20	12	Bahia	24	16	Bangkok	28	20
Amman	18	10	Batavia	24	16	Batavia	24	16
Amsterdam	10	4	Bombay	28	20	Bombay	28	20
Antwerp	10	4	Buenos Aires	18	10	Buenos Aires	18	10
Athens	18	10	Cairo	24	16	Cairo	24	16
Bahia	24	16	Calcutta	28	20	Calcutta	28	20
Bangkok	28	20	Chengdu	18	10	Chengdu	18	10
Batavia	24	16	Dhaka	24	16	Dhaka	24	16
Bombay	28	20	Edinburgh	10	4	Edinburgh	10	4
Buenos Aires	18	10	Hankow	18	10	Hankow	18	10
Cairo	24	16	Hong Kong	24	16	Hong Kong	24	16
Calcutta	28	20	London	10	4	London	10	4
Chengdu	18	10	Lyons	10	4	Lyons	10	4
Dhaka	24	16	Madrid	18	10	Madrid	18	10
Edinburgh	10	4	Manila	28	20	Manila	28	20
Hankow	18	10	Mexico City	24	16	Mexico City	24	16
Hong Kong	24	16	Moscow	18	10	Moscow	18	10
London	10	4	Nairobi	24	16	Nairobi	24	16
Lyons	10	4	Paris	18	10	Paris	18	10
Madrid	18	10	Rangoon	28	20	Rangoon	28	20
Manila	28	20	Singapore	28	20	Singapore	28	20
Mexico City	24	16	Taipei	24	16	Taipei	24	16
Moscow	18	10	Tokyo	18	10	Tokyo	18	10
Nairobi	24	16	Vancouver	10	4	Vancouver	10	4
Paris	18	10	Warsaw	18	10	Warsaw	18	10
Rangoon	28	20	Wellington	18	10	Wellington	18	10
Singapore	28	20	Winnipeg	18	10	Winnipeg	18	10
Taipei	24	16	Zurich	18	10	Zurich	18	10
Tokyo	18	10						

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# Weekend FT

## The final curtain or a fresh start for the movie musical?

The fate of a genre is likely to be decided at the box office with the opening next week of the all-singing, all-prancing *Evita*, says Nigel Andrews

**N**ext week, when the curtains part, the popcorn bags stop crackling and the band strikes up for *Evita*, more than the fate of one screen musical is at stake. An entire tradition teeters on the precipice. There has not been a smash-hit singing or dancing film now for 30 years (*Grease*), and we must go back 12 years before that for the previous one: the indelible *The Sound of Music*.

So what happened to what was once the freest and blitheliest of all movie forms? The musical defied reality with flying feet and improbable songbursts, uncorking audiovisual champagne even in the grimmest times. Fred Astaire and Ginger Rogers kept the Depression at bay in 1930s America. Gene Kelly and MGM soothed the world after the second world war.

But where Kelly once hoofed through moonlit puddles and Julie Andrews trilled on a hill, there is now a wasteland in Hollywood called Stark Anxiety. For two weeks I took the pulse of pundits and practitioners in a genre that used to be one of moviedom's greatest legends-foundries - bringing us *The Wizard of Oz*, *Top Hat*, *Singin' in the Rain* - and that now needs a miracle to rebuild it, let alone re-stoke its furnaces.

Will *Evita* be that miracle? "It'll either be a soaring hit or an unmitigated disaster," says Jack Haley Jr, who made the genre's greatest anthology tribute *That's Entertainment* (1974).

"When I first saw *Evita* on stage I thought it was marvellous," says Robert Wise, director of *The Sound of Music*. "But it's so stylised. How the hell do you get it on screen?"

And for leading pop video director Steve Barron, who has carried the banner with the bold device 'MTV' in what many believe to have been the true death charge

against this film form, *Evita* could make or break the industry's entire morale about the musical.

"The Hollywood studio's current thinking is that they have to have a musical in their back pockets in case *Evita* works," says Barron. "What happens is, the morning after the big-grossing weekend all the executives are herded into one big office for a massive meeting and the studio's chairman says, 'Where's our musical?' If they haven't got one, they get demoted or fired."

But then again *Evita* could flop. "Yes. In which case they keep their jobs."

So how did we get to this nailbiting scenario, where

the future of a genre, not to mention employment in Movietown USA, hangs by the fate of one film?

Some years back, when living legends still stalked the land, I visited Gene Kelly at his home in Beverly Hills. For him the decline of the song-and-dance movie was as simple as a road map: it led straight from a place called Rock and Pop.

"Dance follows music," he huffed. "You can't dance to the Beatles, you can't say 'I love you' to modern music. Romanticism has gone. It might come back in 50, 100 years' time. And with that you need a new generation of trained dancers who can sing and act. They are always a *rara avis*. I tried to

get a lot of good male singer-dancers out of MGM, but it was hard even then. It ended up with me at 40 dancing with Leslie (Carson) or Debbie (Reynolds) at 18. It was embarrassing."

Debbie Reynolds, who starred with Kelly in the greatest of all screen musicals *Singin' in the Rain*, told me she was too exhausted when making the film to take notes of any embarrassment. In the white heat of studio discipline, leading musical players would film from 6 am to 10 pm with only Sundays off in which to collapse.

"If Gene had had his way, we'd have shot seven days a week, 22 hours a day and maybe taken two hours off

to eat and go to the bathroom. But there's no easy way for the musical. It's like climbing the highest mountain."

Or diving to the deepest seabed. Esther Williams, nymph supreme in MGM's post-war swimming musicals, recalls her arduous regime. "Each big swimming number took up to three weeks to film. I'd stay in the pool all day every day, with a short break for lunch when I couldn't eat anything! I even learned to take naps in the pool. It was the only way to survive."

The feudal control of the studios helped make those great musicals possible. So could the form be expected to survive in a kinder, gent-

ler 1990s? This was the decade in which the stars shook themselves from their contracts while television ungilded entire audiences once fixed exclusively to the large screens.

"It was the time of the roadshow," says Robert Wise. "The studios had to compete with TV, so they started making these big films that were like Broadway shows. I made *West Side Story* as a roadshow: there was an overture and intermission, one matinee and one evening show, and you booked your tickets in advance."

But was roadshow giantism good for the musical? *West Side Story* was a landmark for some, an unwieldy

leviathan for others. The film's size, strain and grandiloquence brought unflattering comparisons with the blithe, if hard-earned, virtuosity of the MGM days. "The dancers try so hard to be great they aren't even good," says critic Pauline Kael.

Wise, undaunted, returned three years later with an equally panoramic musical that became the highest-grossing film of all time: *The Sound of Music*. Although critics complained again, this time of a saccharine storyline, the public poured into a movie that now seems a last hurrah for innocence. Everyone could hum the Rodgers and Hammerstein tunes. Almost everyone could go gooey at a plot in which good defeated evil in picture-postcard scenery.

But it was a last hurrah in many senses. In the late 1960s the hills fell silent, except with the sound of directors and their flops avalanching down on them.

Wise's own *Star!* crashed, even though the 1968 film featured his *Sound of Music* diva as high-living performer Gertrude Lawrence. (In hindsight Wise reflects: "Who wanted to see Julie Andrews drinking and sleeping around?") Later there were *Dr. Doolittle*, *Darling Lili*, *The Wiz*, *Annie* and other calamities. And two movies which briefly bucked the trend, Bob Fosse's *Cabaret* and Alan Parker's *Fame*.

Both had musical settings - nightclub and music school respectively - which demanded musical scenes. Elsewhere fewer and fewer screen characters seemed ready to break into song in broad daylight at the swish of a baton. For Jack Haley, of *That's Entertainment*, there was one simple explanation - or one and a half.

"Two forces converged. One was rock 'n' roll, so that young audiences weren't interested in the traditional movie musical. The other was expense. Without the studios owning the talent, it was too costly to assemble the dancers, singers, composers, lyricists, choreographers, that great army that Hollywood once had on its payroll."

As an experiment Haley once took the 100 clips in *That's Entertainment* and estimated their total below-line cost, without stars, directors or writers. "With costumes, rehearsal times, catering for 500 dancers and so on, I was up to \$500m before I was half way."

Robert Wise disagrees, however, that cost is paramount. "On *West Side Story* we paid about \$500,000 (\$204,900) for the rights and still the film came out at

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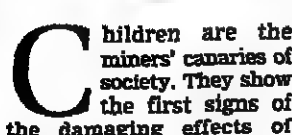
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Joe Rogaly

## Protecting the canary

Children's 'rights' do not enter the equation



**C**hildren are the miners' canaries of society. They show the first signs of social change. I borrow this intriguing notion from a report published by the Gulbenkian Foundation this week. We will come to its central thrust in a moment, but first let us follow the canary trail.

It twists and turns. Take paedophilia. Accounts of child abuse have recently come from Belgium, Australia, and a number of children's care homes in the United Kingdom. The concept of adult recall of childhood distress was developed in the US. Some of us are befuddled by the entanglement of what seem to be relatively mild episodes with those that are clearly criminal and inexcusable.

The great unanswered question is whether practising paedophiles are proportionately more numerous than they were, say, a century ago or whether we are merely hearing more about

them. We need the answer if we are to establish whether the outbreak of headlines signifies a fault particular to the late 20th century.

There is no point in blaming the 1990s if children were suffering from similar abuses in the 1890s. Bang goes my opportunity to expand on the titillating manifestations of the closing years of the present century. Amoral sexual behaviour? Irrelevant. The breakdown of the family? Nothing in it. Media presentation of humans as objects of gratification? Nope.

Next on the canary list is child labour. The International Labour Organisation tells us that 260m children aged under 14 are at work in developing countries. A few weeks ago sporting goods companies - including Nike, Reebok and Adidas - reached an agreement with Pakistan to eliminate the employment of children in the manufacture of footballs. A news item this week told of British children working in illegal conditions

- as cleaners, gardeners, garage mechanics, on building sites.

This is reprehensible, but not new. Charles Dickens wrote about child labour in 19th century England. In poor countries children have always helped with the weeding and harvesting. Their translation to manufacturing workers is rooted in tradition. The third world canaries are telling us about long-established systems, not what lies ahead.

It is in the rich countries that we are given a signal that something different is happening. Some Americans are becoming anxious about the number of instances of children carrying guns or lethal knives. In big US cities street sellers of drugs are often as young as carpetweavers on the other side of the globe. Notice something odd there? Until a few sentences ago I was talking about threats to children. Suddenly the talk is about threats from them.

Even that repeats history. In 1959 a committee of the

United Nations recommended a special study of juvenile delinquency. Alarm was expressed at the international phenomenon of "Teddy Boys" and "beatniks" and in crimes of violence committed by what were called maladjusted

**The natural providers of children's needs are their parents**

youngsters. The Soviet delegate abstained, explaining that no such problem existed in the USSR.

Nearly 40 years later the UN has become an advocate for children. Its convention on the rights of the child stipulates that children's "civil rights" are sacrosanct, and that their "economic, social and cultural" rights must be met "to the maxi-

mum extent of available resources". Childhood lasts until the individual is 18. This is a long way from protection of the vulnerable from manifest cruelty.

It is, however, the starting-point of the aforementioned Gulbenkian report. "Children have equal status to adults as members of the human race," it says. "They are individuals - not the possessions of parents, not products of the state, not people-in-the-making". This notion must lie behind the stories of offspring suing their parents and pupils taking their schools to court.

The report's authors advocate two new appointments. One would sit in the cabinet, as minister for children. The other would be an ombudsman, a personified court of appeal for young people who believed themselves to have been deprived of their "rights". The minister would co-ordinate government policies to ensure that the well-being of children was taken into account at every turn.

At this point I hear the bell on that canary ringing like crazy. There is something happening here, something we should be aware of. Not to the children. It is we adults who are losing our common sense. Yes, children should be protected from physical abuse or economic exploitation. Orphans, or the progeny of dysfunctional parents, need assistance. Charities, local authorities, or the central government should provide it. Countries that can afford it should finance education and health services.

That said, the natural providers of children's needs are their parents. "Rights" do not enter the equation, certainly not when the individual is aged 12 or less, probably not at 14, perhaps at 16. This is called growing up, leaving the nest, finding your feet.

What is changing - what that bell warns us of - is that we have muddled a worthy desire to end poverty with unrelated phenomena, such as the propensity of both parents to go out to work and their consequent absence from the home. We are not sure how to cope with that, so we promote the children to instant adulthood. Tinkle tinkle.

\*Effective government structures for children, by Rachel Hodgkin and Peter Newell

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PERSPECTIVES

The Nature of Things

# Not all bacteria are on the warpath

Andrew Derrington distinguishes friend from foe in the Battle of the Body

One of the most important secrets for a long and happy life is knowing who your friends are. If you cannot tell who you can rely on and who will stab you in the back, you won't last long.

The importance, and the difficulty, of distinguishing friend from foe is never greater than when dealing with bacteria. Many are beneficial, most are harmless, and others are virulent pathogens.

Family resemblances are little help in distinguishing friend from foe. *E. coli* 0157, which is just one strain of the *Escherichia coli* species, has caused a fatal food poisoning outbreak in Scotland and is a fairly common cause of serious illness in man. But other strains of *E. coli* live harmlessly in our digestive tracts, and may help us.

"As humans, we tend to think that all these bacteria are out to assault us," says Jonathan Saunders, professor of microbiology at Liverpool University, "but most are extremely beneficial...helping to digest food and even making vitamins for us."

*E. coli* 0157 causes severe disease because it carries a deadly weapon, a toxin that splits mammalian cells open. According to Tom Baldwin of the Institute for Infections and Immunity at the University of Nottingham, the toxin has exactly the same effect in the body as ricin, the poison made famous by umbrella-wielding Bulgarian assassins.

But for the bacteria, the toxin is not really a weapon. It's more like a kitchen knife than a dagger, Saunders says. "It's just a mechanism to release food."

It is more complicated than that. Not all *E. coli* 0157 carry weapons. "The toxin gene is carried by a virus that infects the bacterium," says Saunders. "So it could potentially infect other strains."

Even then, possession of the weapon will not be enough for a safe conviction. "Some strains of bacteria make the toxin but do not cause disease," he says. "Virulence is caused by a combination of factors."

Paul Williams, director of the Institute for Infections and Immunity at Nottingham, is

emphatic about this. "It's crucially important to remember that virulence is multifactorial," he says. "It depends on a whole series of mechanisms."

The pathogen has to colonise its host, it may have to fight off resident micro-organisms, it needs mechanisms for avoiding host defences, it has to invade cells, and it has to spread to other hosts. Blocking the mechanisms it uses for any of these activities will block virulence, Williams says.

For many pathogens that colonise the intestinal tract, like *E. coli*, faecal oral contamination is the most common mode of

spread, so causing diarrhoea is an obvious tactic for the bacteria to find new hosts. But it also means that routine precautions - purification of drinking water, care in cooking meat, storing cooked meat separately from raw meat, and cleanliness - can effectively block spread.

The same cannot be said of the other virulent bacterium that has hit the UK headlines in recent weeks, *Neisseria meningitidis*, also known as meningococcus, causes meningitis, its invasion route begins in the upper respiratory tract, where it is very common. According to Saunders, "about 10 per cent of adults

are carrying some form of meningococcus."

In order to cause disease, the meningococcus has to colonise the blood and the membranes that surround the brain. Whether or not it can do so depends on our immune system, according to John Heckels of the Department of Microbiology at Southampton General Hospital.

We acquire immunity to dangerous strains of meningococcus by encountering their less dangerous cousins. Babies are particularly at risk, Heckels says. They inherit antibodies from their mothers but these tend to decline before the baby can

make its own antibodies. Meningococcus is not resistant to antibiotics, Baldwin says, but once it has invaded, killing the bacteria releases the toxins inside them, which can cause further damage. Vaccination, which primes the immune system and attacks the bacterium before it invades the blood, is a better approach.

A successful vaccine has to recognise the bacterium, even though it may conceal its distinctive foreign proteins under a bland cloak. Group B meningococcus, which are responsible for 60 per cent of meningitis cases in the UK, have a capsule of sialic acid - a sugar derivative that is a normal constituent of the body and so elicits no immune response. Heckels and Baldwin are both developing vaccines that will enable the immune system to see through the cloak and kill the bacterium.

The author is a psychology professor at Nottingham University

Starting out in the port business, an industry where it can take a century or two to establish a name, is a challenge comparable to selling perfume that has never been smelt, in bottles that cannot be opened for up to a decade.

But the ageing process that is the essence of port was only the first of a series of difficulties Sophia Bergqvist faced when she gave up her career as a London-based management consultant with Booz, Allen & Hamilton to run her family's vineyard in northern Portugal.

Quinta de la Rosa, a 180-acre estate in the Douro valley, the demarcated region for port since 1757, has belonged to the Bergqvists, a British family, for generations. Until 1988, they were selling their grapes to Sandeman, part of Segura's, one of the international beverage groups that dominate the port industry.

But the income from the 100 acres of their steeply terraced vineyards was not enough to cover running costs, approaching £100,000 a year. Faced with similar difficulties, other owners of port wine estates, known as *quintas*, have sold out to big shippers such as Fonseca's, Warre's and Cockburn's. Sophia Bergqvist, however, decided to go it alone at 28.

"Our goal was to stop losing money so that we could keep the *quinta* in the family without it being a constant drain on our resources," she says. "We saw that the only way of at least breaking even was to make our own wine from the grapes under our own label."

Her father, Tim, a retired company director, brought to the business more than 20 years of experience as a respected maker of the fortified wine. But the family knew that setting up as a single *quinta* port company, roughly equivalent to a Bordeaux chateau or Burgundy estate, would require business acumen in equal measure.

"Before we could sell our first bottle and even begin to establish credibility for the quality of our port, we had to invest £200,000 in wine-making equipment and support the cost of at least two years of production without any sales income," says Bergqvist. "Finance was the big challenge."

Inspired by a concept originated by another family beverage firm, Henry Ryman, of paying investors



Cheers: Sophia Bergqvist and her father sampling a glass of their own port

Lydia van der Meer

## Minding Your Own Business

# Keeping it in the family

Peter Wise visits a port house that has weathered the storm

Interest in cases of French wine, she hit on the idea of Advanced Port Purchases. At £1,000 each, an APP guaranteed the buyer five cases of Quinta de la Rosa vintage port every year for five years.

She took advantage of a free Port Office mailshot to canvas potential buyers, obtained some media coverage and launched the innovative financial instrument at a wine-tasting in London.

"The response was astonishing," says Bergqvist. "We received cheques through the mail from people who have never heard of us before and had to politely turn down old ladies who wanted to take their life's savings out from under the mattress and invest in port."

A total of 200 APPs were sold in 1988, raising £200,000. This helped cover running costs for a minimum of two years before the Bergqvists'

first wine would reach the market, and for investment in winemaking machinery, almost half paid for with a European Union grant.

The APPs also proved a success for investors. "We estimate they have more than doubled in value and that each APP is worth about £2,100 today," Bergqvist says.

Sun, rain, frost and Tim Bergqvist's skills contributed to Quinta de la Rosa declaring a vintage in 1988, their first harvest as independent producers. This was an advantage as vintage port is bottled and marketed - although not drunk - sooner than other varieties, which are matured longer in casks. It was also a severe test: the reputation of port shippers rests largely on their vintage wines.

Quinta de la Rosa proved more than equal to the occasion. The 1988 wine came top

in a leading comparative tasting of vintage ports. This was the first of many awards.

The Bergqvists diversified into table wine in 1990. Sophia Bergqvist left samples all over London. However, to remain solvent the family had to sell its wine long before it achieved any acclaim. "I literally went round knocking on the doors of London wine merchants telling our story," says Bergqvist.

Jasper Morris, a leading UK wine distributor, warmed to this personal approach and decided to take Quinta de la Rosa on board in 1990. The *quinta* now has 15 distributors, covering all the main port markets, including the US.

In 1990, the farm sold 180 cases of vintage port for about £10,000. This year they expect to sell about 10,000 cases of different ports and

table wine for almost £500,000. Along the way, they have invested in bottling and labelling machinery and in making about 80 per cent of their vineyards accessible by small tractors.

Bureaucratic entanglements and the intricacies of distribution and supply have posed problems at every turn. A label approval was once withdrawn on the eve of a shipment. In 1995, their bottle supplier was hit by fire; this year Portugal is short of dry pine for Christmas presentation boxes.

The workforce of 25 people swells to about 60 during the harvest. It is a family affair, with Bergqvist's mother, Patricia, running two houses on the *quinta* as a bed-and-breakfast business. The farm also sells olive oil to Harrods and other delicatessens. Her husband, Philip Weaver, a lawyer, helps with the legal side and her brother and sis-

ter make invaluable part-time contributions.

After breaking even for the past two years, the *quinta* expects to make a small profit in 1996. "I would be happy just to sleep easy at night knowing that the business is self-financing in terms of running costs and investment," says Bergqvist.

"If you were looking for a return on assets in this business, you would simply sell out and put the money in the bank. But I would love Quinta de la Rosa to be thought of one day in the same way as port houses such as Fonseca's or Taylor's or some of the great Bordeaux chateaux," she says.

Quinta de la Rosa, 5085 Pinhão, Portugal. Tel: (351-54) 7254 or 40 Morris & Verden Ltd, 10 The Leathermarket, Western Street, London SE1 3ER. Tel: 0171-9573866.

## Truth of the Matter

# The myths that make Christmas

Philip Crowe considers the facts and fantasies of a magical story

The host at our dinner party had spent two days of the previous week in Houston, two in Libya, and one in London. He was chief executive of a large engineering consultancy and was skilled at sorting out fact and fantasy in the promises of Colonel Gaddafi, in company reports, and in engineering projects.

Conversation turned briefly to the Christmas celebrations and to the truth of the Christmas stories. I offered the view, common among scholars of the New Testament, that the stories of wise men and shepherds are largely myth. Our host was deeply shocked.

For 30 years he had held senior management posts, and for more than 30 years had regularly attended Church services at Christmas; but it had never occurred to him that the familiar stories might be anything other than fact.

My son, when he was four years old, was totally captivated by Christmas, by the stories, the ritual and the excitement. We lifted him up to put the fairy on the top of the tree: it's always the same fairy, with one leg, wings made out of cooking foil and vivid ginger hair. He hung his stocking by the fireplace and put out mince pies and a drink for Santa. And when the Christmas pudding yielded up glittering coins, he stared, wide-eyed, and exclaimed: "It's a magical world."

It was his last truly magical Christmas. At school a year later, he was already learning to distinguish between different kinds of truth. Whispers in the playground persuaded him that Father Christmas was just a story; and since we in England have neither the wit nor the wisdom to link Father Christmas with Saint Nicholas, there was not even a shred of history to fall back on. Father Christmas, and waking up with the weight of a heavy stocking on his bed, had been the most magical part of Christmas, and with that dissolved into myth, he began to wonder whether there was any truth in the rest of Christmas.

The most that can be established with certainty, by the normal processes of historical inquiry, is that Jesus was born, and that his mother was Mary. That is all; and that is enough. The rest is informed guess, speculation, and legend.

The birth probably took place in Bethlehem, sometime between 5BC and 7BC. Herod the Great died in 4BC and, if he was king at the time, the birth of Jesus must have happened before then. But what people came to believe about this child, and how they expressed that understanding, is a mixture of myth, story and fact.

It is possible, although unlikely, that shepherds alerted by a choir of angels came to see the baby, though a visit to the Shepherd's Caves, about half an hour's walk from Bethlehem, does little to sustain the myth. At the back of the cave there is a dummy sheep, seriously molting, with a malicious glint in its eye and a scraggy lamb pretending to suckle. But it is a matter of fact, evident throughout the life

of Jesus, that he had a special concern for the poor and the outcasts. Shepherds in those days were a low form of life: so a story is told that at the birth of this child, people who were poor and on the edges of society were the first to worship.

People came to believe, on the evidence of his life and teaching, that this child was the longed-for heir of the royal line of King David, and that he was a high priest in the ancient order of Melchisedek. And it is a fact: well attested in history, that the ending of this was an act of cruel barbarity which caused agonising suffering.

So a story is told of three wise men who came, bearing gifts, to celebrate the birth of this child: gold for a king, incense for a priest, and myrrh for suffering.

People came to believe that this man is the Son of God. So the story is told of a virgin conception, that this child had no earthly father,

At school a year later, he was already learning to distinguish between different kinds of truth

but was a child, literally, of God. It was convenient that the story could be linked to a prophecy, that "a virgin will conceive and bear a Son", though not so convenient that the prophecy, correctly translated, refers to a "young woman". The New Testament makes very little of this story, and no Christian doctrine hinges upon it.

In the early Church, it was a different matter. The early fathers engaged in agonised discussions about sexual intercourse in the Garden of Eden, and how children could be born to Adam and Eve without such brutish necessities being performed.

St Augustine taught that original sin was transmitted through the passing on of the male seed through the act of intercourse. With views like these around, the story of the Virgin conception took on new meaning. It was essential, to preserve the purity of the Son of God and his freedom from the taint of original sin, that the father be removed from the scene by an immaculate conception.

That Jesus was born, and that his mother was Mary, there is no doubt. But the stories about shepherds, wise men and a virgin conceiving are myths in the proper sense of that word. They represent truth about the Christ, and the evidence for that truth lies not in the birth narratives themselves but elsewhere, in the well-attested facts about his life and death. Properly understood, they are, in the best sense, magical stories.

Treat them as sober, historical fact, and they dissolve, like Father Christmas.

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\$5.5m. On *The Sound of Music* the rights were \$1.25m, the highest ever paid for stage rights to that date, but we still spent only \$3.5m.

The genre explorer soon discovers that no single explanation fits all the facts. As Haley admits, Disney's recent song-based animation features (*Beauty And The Beast*, *The Lion King*, *Pocahontas*) probably cost as much as a live-action musical. And, if rock and pop are a cultural reason for the musical's decline, how do we explain the last spectacular blip on the genre's history?

This was the phenomenon known as *Grease* (1978), preceded by the no less phenomenal *Saturday Night Fever* (1977). Almost alone in the 30 years between *The Sound of Music* and today, these two Travolta pop operas shattered records even while selling them. The albums went gold, platinum and every shade between, while the films grinded the world to the astonished delight of their directors John Badham (*Fever*) and Randal Kleiser (*Grease*).

"One reason *Grease* worked," says Kleiser, "was that a lot of the songs were hits already, available on the show album and playing on

the radio. Fans wanted to see images to sounds they already knew."

For Kleiser that fresh framing of familiar material allowed *Grease* to get away with the trick that had seemed impossible in modern movies: having real people burst into song in real settings. "For the form to come back today," Kleiser expands, "it has to be in some way influenced by music videos: whether it's done as separate stories strung together or known songs given a new setting or with some kind of surreal style."

Pop videos are the rogue element in the screen music equation. Old-timers regard them with suspicion or disdain - "They're short, sweet and cuckoo, with lots of zoom shots," says Jack Haley. Video director Steve Barron admits: "Every movie in the mid-1980s suddenly had rock bands breaking out in tracks that were totally incongruous to the story."

Barron, though, whose high-style three-minute have made icons of the likes of Michael Jackson, Madonna, Dire Straits and David Bowie, does not see

the pop video as a revolutionary demon. The form, he points out, is not even new. "You had films of pieces of music in the 1930s, jukeboxes that would play a film of Ella Fitzgerald or Nat King Cole. Later, the Beatles made films of individual songs. Ironically, the birth of the so-called music video only came when record companies stopped calling them promotional films and asked for 'one of them videos' because that's how they were sent around, on tape."

Barron is more upbeat about the feature musical's revival than anyone else I spoke to. "There are all these Sondheim and Lloyd Webber musicals just waiting to be made, as soon as studios get their confidence back. I know Sony has *Into The Woods* in development, because I worked on it. Woody Allen's new film is a musical. And I'm convinced you could refilm a show like *Gays And Dolls* and it would work."

Even so, while short-form material flourishes on the small screen, longer material for the large has proved hard to find. Frustration was summed up by the industry's epic misadventures with the one great Broadway show of recent times, *A Chorus Line*.

"Everyone had a go, including me," says *Saturday Night Fever* director John Badham. "It just wouldn't work."

"It's so stylised for the stage," says Robert Wise. "I saw it on Broadway and said, 'Thank God I don't

- why does the cinema not go back to basics and make a simple, old-fashioned, love-you musical, if only to retrieve its confidence?'"

"Because it's geeky and embarrassing," says Badham. "We've simply lost the trust for it. It's like standing up in class to sing an unaccompanied solo."

Others agree. But what about Disney, I point out? That studio has made a fortune getting boys and girls to coo at each other in song, albeit in cartoon form.

"But it's fantasy," says Randal Kleiser. "It's drawn and painted. It's far enough removed from naturalism for people to get away with it."

"On stage you're never quite in reality," agrees Wise. "The proscenium is up there, so people can move between speech and song with little embarrassment. But cinema's very real. It doesn't take kindly to fantasy, unless it's out-and-out fantasy like a cartoon or *The Wizard Of Oz*."

So why - we have come round to our first question again - Should *Grease* succeed?

"Because it's just so brilliantly made," says Robert Stigwood: "the lighting, cos-

umes, cast, and Alan Parker's brilliant direction."

But Stigwood would say that. He produced it. And he waves away objections that no Andrew Lloyd Webber musical has yet struck gold on the screen or even, Jesus Christ Superstar apart, reached it.

"That's because the rights to *Phantom Of The Opera* and *Cats* haven't been available," he says. "The shows have been doing so well on stage."

If *Grease* does succeed it will almost certainly signal a genre's revival. (Some six musicals are said to be in development now.)

If it fails or does only modestly, then Randal Kleiser and the pop video prophets may be right. The MTV culture has created a generation that wants its music films interestingly fractured not old-fashionedly seamless.

In my view the genre and its champagne escapism had to come back at some time in some form. When T.S. Eliot, famed *Cats* lyricist, once wrote in a more austere context: "Humankind cannot bear very much reality", he might have been defining the song-and-dance film's raison d'être and its power to charm, fantasise and uplift. It is a power that for too long we have missed seeing in action.

سكنا المولى







## HOW TO SPEND IT

The Seven Ages of Man

## Gentler pursuits for a more discriminating soul

Lucia van der Post with ideas for a man interested in quality not quantity



**O**ur hero has moved into the sixth age. The once athletic and active young fellow now finds it difficult to play the bracing, mainly sports, Polo, skiing, hunting are but a distant memory. However, he can still manage a gentle round of golf - apart from anything else it gets him out of the house and it's a good way to meet his cronies.

So encourage him with the Avid Video in Search of Perfection: 45 minutes filled with endless snippets of deep fascination (I'm told) to golf-aholics, but fairly arcane to the rest of us. Besides the usual "how to perfect your

■ Clockwise from the back:

□ Three-ringed magnum glass decanter, £227, from The Hugh Johnson Collection, 60 St James's Street, London SW1 (tel 0171-401 4912).

□ Black velvet slippers with a pheasant embroidered on the front (many other motifs, including your coronet, possible), £37.50 from Tricker's Shoemakers, 47 Jermyn Street, London SW1 (tel 0171-490 6305).

□ Sterling silver and burwood cigarette case, £145, from Links of London, 94 Jermyn Street, London SW1 (tel 0171-490 0400) and branches.

□ Sterling silver travelling shaving brush, £150 and Hammer Bouquet Eau de Toilette, £25, both from Festiveillon's, 41 Wellington Street, London WC2 (tel 0171-536 2150).

□ Silver beaker with 18th century intaglio seal by Alex Brodges, £299, from The Room, 188 Walton Street, London SW3 (tel 0171-225 3225).

## Shakespeare's sixth age

The sixth age shifts into the lean and shipp'd pantaloon. With spectacles on nose and pouch on side. His youthful hose, well saved, a world too wide. For his shrunk trunk, and his big, womanly voice. Turning again toward childish maxims, pees his stream in his own bottom.

"swing" hits, this video has interviews with the great and the good of golfing history from Bobby Jones to Greg Norman and Nick Faldo. Available at £12.99 from most good golf shops and departments.

Now that he's older, when it comes to food he is much more discriminating - quality not quantity is definitely what counts. A tin of caviar as large as you can afford has that air of spoiling that none of us can ever have too much of. From the Caviar House shop, 161 Piccadilly, London W1 (tel 0171-409 0445) a 50 gramme tin of Sevraga costs £36, while Beluga would be £101. If you're feeling generous, a 125 gramme tin of Beluga costs £242.

If he is fond of his wife there is a thermometer for £11.95 from Barry Bros & Rind, 3 St James's Street, London SW1 (tel 0171-398 9565) which means he can fuss endlessly over whether the wine is at the right temperature. Give him something good to sip at the end of a delicious meal - Carluccio's, 28a Neal Street, London WC2 (tel 0171-240 1487) sells a sweet dessert wine, Rastaf, for £24.25 and for an extra £4.30 you could throw in a packet of honey Cantucci biscuits (add £4.75 for delivery in London). If you're feeling extra generous add a packet of Noci al Cioccolato (walnuts with marzipan and coffee cream dipped in bitter chocolate) - 170

grammes cost £5.95. A nice alternative would be a bottle of Rivesaltes Vin Doux (much preferred by those in the know to the more famous Beaumes de Venise) for £5.50 from most good wine shops.

Small children with elderly uncles or grandparents in the sixth age could tuck a tin of old-fashioned Dickens Humbugs into his stocking. They can cost £2.99 a tin at The Conran Shop, 81 Fulham Road, London SW3, and The Museum Store shops.

Still not too expensive for the small set to contemplate is a key ring torch for £9 from Paul Smith, 41-43, Floral Street, London WC2. Useful for helping find locks of our doors and front doors at night. Slightly more expensive is the hand-held recorder, the Talkbox Jr for just £15 - which offers a handy way to make lists and keep track of appointments.

Not too obviously an "elderly person's" present - indeed it would come in handy for anybody who lives in a house with masses of stairs - is the stair basket. The L-shaped basket is made from strips of Vermont ash. The shallow half rests on the upper stair, ready to hold all the objects that need to be carried either up or down the stairs. Available for £39.95 from America Direct, 86 Woodside Avenue, London N10 3EF.

The Holding Company, 343-245 King's Road, London SW3 (tel 0171-352 1600) has the Woodlore range of products made from cedarwood - a natural moth-repellent. Give him a pair of shoe trees for £23.55.

Silver Direct sells silver items by mail order, so keeping prices down (tel 01747 828977). It has masses of charming presents, from a slim silver-plated credit-card holder for £15 or a 2 1/2 in high silver and gold plated travel alarm clock for £55. For £70.50 there's a fine glass ice jug with a silver-plated lid and for £39 a simple sterling silver tumbler.

Pakeman Catto & Carter (No 5 The Market Place, Cirencester, Gloucestershire GL7 2 NX. Freephone 0500 64113) offers traditional menswear by mail: sturdy leather belts for £29.50, cotton drill trousers, £42.50, and splendid pure cotton socks (choose from bright pink and navy stripes or navy with red detail) from £5.50.

A smart pair of pyjamas is always welcome. Simpson of 202 Piccadilly has lots of choice in brushed cotton at £99 a pair, while Hackett of 137 Sloane Street, London SW3, has some exceptionally smart ones, from £39 in brushed cotton (either in plain colours with contrasting piping or in big broad stripes) to £98 (in flannel).

Finally, wonderful traditional ties, the classic madder and the ancient madder woven ties as well as Paisley and Macclesfield woven ones, are available from The Bedford Riding Breaches Company, 19 New Quebec Street, London W1 (tel 0171-733 9032). Prices from £14.95 to £29.95. It also sells fine Shantung silk stocks at prices ranging from £29 to £39.95.

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سكانة الجبل



## HOW TO SPEND IT

# How winter sports became a family affair

Avril Groom talks to Sônia and Willy Bogner, part of the team behind the celebrity-favoured ski-wear

**W**illy and Sônia Bogner form two-thirds of the family triumvirate which runs one of Germany's most successful fashion companies. Founded in 1932 by Willy Senior, Bogner is best known in Britain for upmarket, celebrity-favoured ski-wear. The Bogner label runs the gamut from smart working clothes to active sportswear (Willy's mother, Maria, invented the now-ubiquitous stretch ski pant), children's wear, accessories and cosmetics.

Global turnover is more than DM250m (\$97.6m) and the Munich-based company pursues an aggressive expansion policy in emerging markets, with shops in eastern Europe and China.

Willy, 54, followed his father into the German Olympic skiing team, but in Alpine events whereas his father had been Nordic champion. By 18 he began a subsidiary career in film-making and has become a respected maker of sports action films and documentaries, including spectacular action-skiing sequences for four James Bond movies. His 1986 film *Fire and Ice*, including the famous downhill racer's view of the fearsome Hahnenkamm course at Kitzbühel, was an international success.

He has several technical film-making inventions to his credit and has radical views on relationships between man and nature and man and work, "humanising" his factories into work groups with more responsibility for individuals.

Sônia, 46, comes from Rio de Janeiro. She claims she was totally unsporty until she met Willy and had never seen snow until their honeymoon. She works with him and for the past four years has designed her own Sônia Bogner range which, she says, reflects her own taste. She has just brought in a trendier equivalent for a younger market.

The Bogners have two adopted Brazilian children, Flávia, 11, and Bernhard, 8. Apart from their home in Munich they also have a lakeside country house about 30 miles from the city, a family house in St Moritz, a beach home on Ste Croix in the American Virgin Islands and a "small ranch" in Colorado.

Willy Bogner: "I have always been able to combine work with my pleasure, which is mainly sports. I retired from ski racing nearly 30 years ago, yet I remain completely in touch with the skiing scene, both through our sponsorship of the national team and through my own film-making."

"My latest invention, the Bo-Sy, is a way for TV sports coverage to offer the viewer more. It splits the screen to show the current racer alongside a recording of the leader in the event at exactly the same point, to compare times. It has taken 14 years of difficult technical develop-

ment. But I gave up hunting when I was 25. I do not believe we have the right to kill wild creatures for fun."

"So at Ste Croix I have a Hobie Cat and we windsurf and snorkel, but I don't fish. Our house there, like our others, is quite relaxed. We redecorate each house about every seven years, but I don't like them to look as if the interior designer has just left."

"We travel a lot and bring back artefacts to remind us of the cultures we come across, so our houses are eclectic in style, perhaps rather a mess, but homely and personal."

"Wherever I am in the world I catch up with any sporting events that are happening. Last Saturday was a real luxury - the Becker-Henman match in my own backyard. Boris could hardly lose on his home patch, but I would have been very happy to see Henman win because it is inspirational in encouraging British youngsters to follow him. Boris was the start of our own tennis revival and now most youngsters play."

"When I really want to relax and turn off I play golf, because I have to concentrate on it totally if I am to play well. I have played on wonderful courses all over the world, but I have two favourites. One is near Tokyo, which is modelled on a formal Japanese garden and the other is Shadow Creek, a private course in the desert at Las Vegas. I am still exploring in golf - I have been a member of St Andrews for 10 years but haven't had time to go there yet."

"Skiing is still always a pleasure. I ski with my children - my son is already starting snow-boarding. But my greatest enjoyment is to go ski touring in the Alps or helicopter skiing in Canada, in real wilderness. To be in a huge, empty space is for me the biggest luxury today. This is not just physical but psychological - openness of mind comes from open spaces. This is why we have the ranch near Telluride."

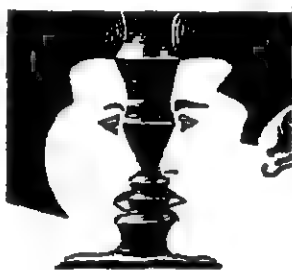
"Telluride is a major ski resort, but we treat it more as a summer place. There is so much wildlife, which we love to watch, and people there live in harmony with animals."

"My father was a great hunter and I used to go with him, to Alaska and the Himalayas, to record it on



Complementary couple: Sônia comes from Rio de Janeiro and says she was totally unsporty until she met Willy; she had never seen snow until her honeymoon

## Munich



**'To be in a huge, empty space is for me the biggest luxury today'**

ment with an electronics expert.

"Skiing is still always a pleasure. I ski with my children - my son is already starting snow-boarding. But my greatest enjoyment is to go ski touring in the Alps or helicopter skiing in Canada, in real wilderness. To be in a huge, empty space is for me the biggest luxury today. This is not just physical but psychological - openness of mind comes from open spaces. This is why we have the ranch near Telluride."

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"My father was a great hunter and I used to go with him, to Alaska and the Himalayas, to record it on

and living in cities. After we got married we went to the family house at Ste Croix. I had no idea about skiing and when I tried to learn it was so hard at first I really wondered what I'd done."

"But with Willy there is no alternative to loving sport and now I really enjoy it - particularly riding. We keep horses at our country house and we love Western riding at our ranch. Our daughter is besotted with horses. My other recreation is playing the classical guitar."

"When we discovered we could not have children we decided to adopt in Brazil. People think it is easy if you have money, but in Brazil, quite rightly, it is very difficult now. To give them the huge amount of time and attention they need, as well as working, two children are enough."

"They have a European upbringing, but they know they are Brazilian and their mothers gave them away, so they need support with identity and self-assurance. This

can mean difficult questions coming out of the blue."

"After we married my mother-in-law said 'you can't spend your life at charity lunches' and got me to work at first with her and then Willy and I set up the American branch in New England which suited us. But Willy's father died in 1977 and he had to take over in Munich. I would say my natural style is a little more elegant and formal than Bogner and I am really enjoying designing a range in that spirit."

"I love the colour and flamboyance of designers like Versace and Lacroix. But European taste is much more understated so I use, and wear, top-quality fabrics in subtle, neutral colours so everything co-ordinates. Travelling so much I am very conscious that clothes must always be practical and fit into the minimum suitcase space. I would not wish to buy *haute couture*. I miss light and colour in Munich, which is very grey. I escape to my sister's house

outside Rome for fun and pasta, but my favourite place and style is the southwestern United States, that lovely mix of native American, Western and Mexican. I buy objects from artists in Santa Fe and Taos for our ranch and they also work well with the Alpine tradition of our Ste Croix house."

"That is where we shall spend Christmas. The children believe firmly in the seasons being in their place and Christmas for them means snow."

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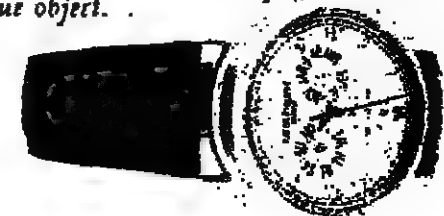
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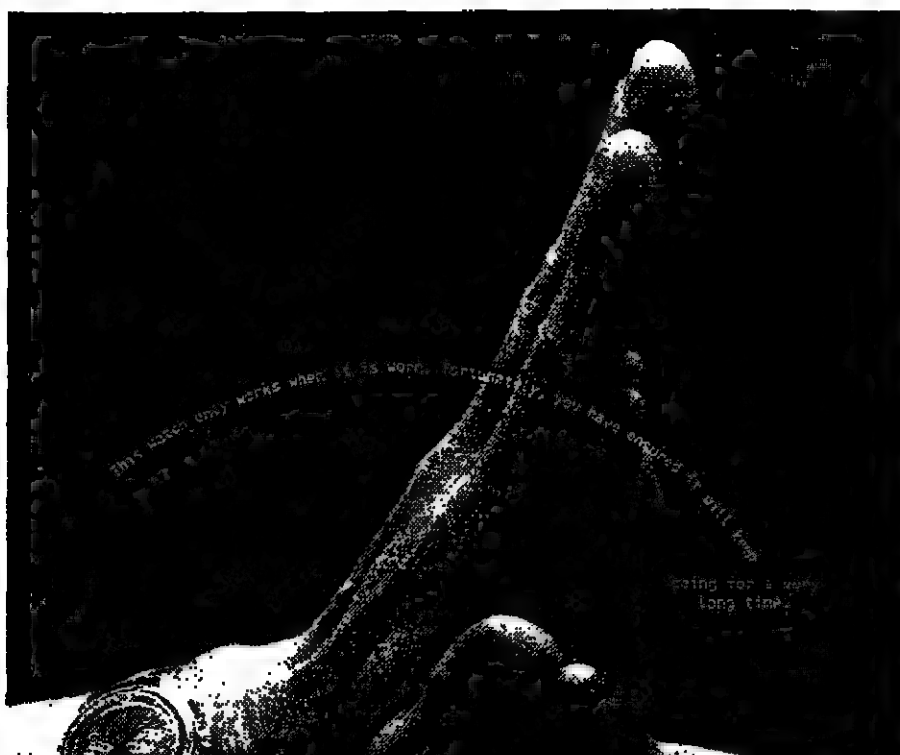


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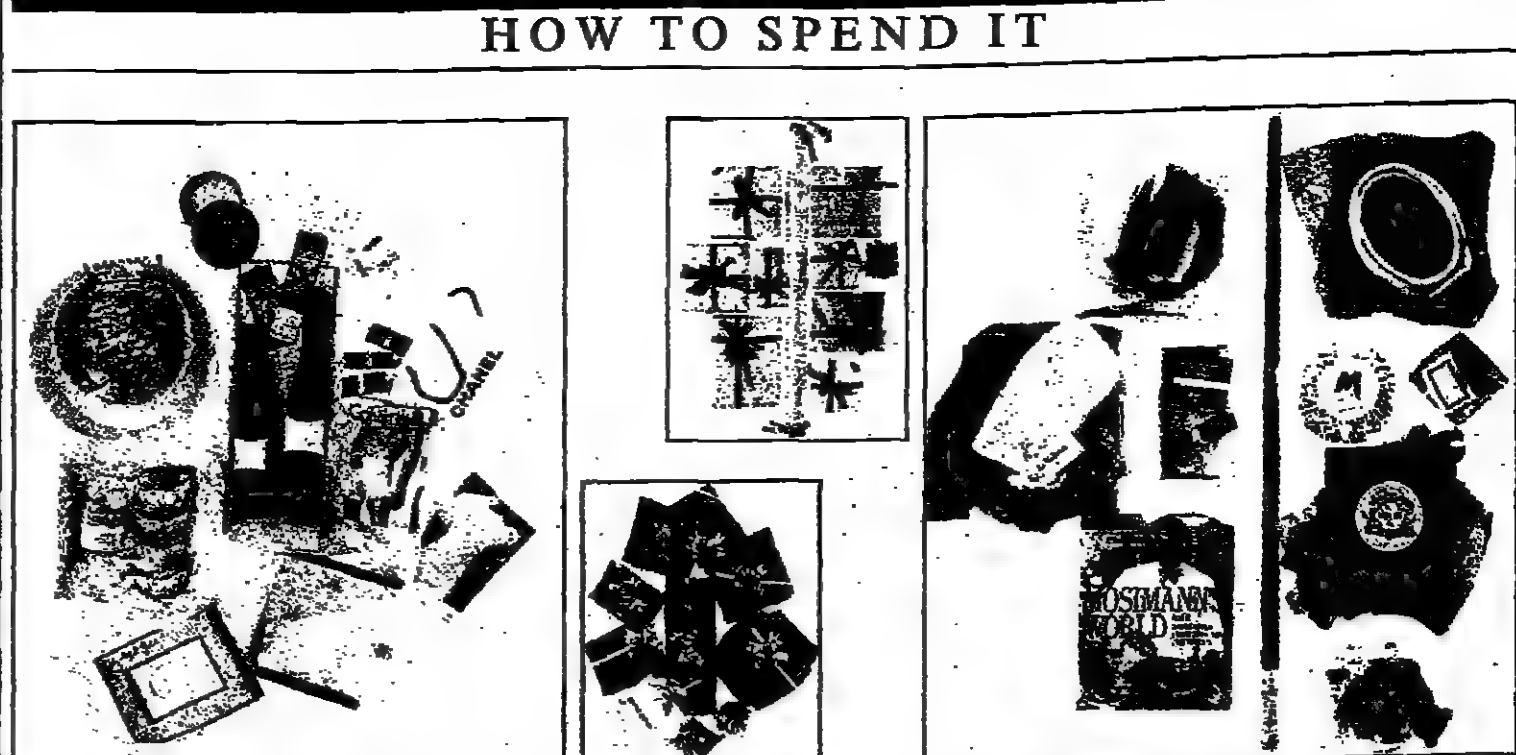
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It's a wrap: presents picked by Harvey Nichols (left) and after packaging (bottom left), and those chosen by Dickens & Jones (right), after packaging (middle right)

Santa has his little helpers, and department stores have teams of shop assistants. No need to flog around the shop yourself - get the personal shopper to do it for you. She will choose, wrap and deliver it free in central London. The service is complimentary and there is no minimum (or maximum) amount you must spend. It sounds terrific but how well does it work? Alice Brickwood investigates.

I booked appointments anonymously at two stores. I prepared a list of 10 friends and relations for whom presents were needed, giving a few personal details and allocating an overall budget of £200. I faxed them to the two stores and two days later went to see the results.

At Harvey Nichols my personal shopper guided me to a room where the gifts had been gathered. My coat was hung up and I was immediately offered a drink. The gifts were all below £20 and corresponded well with

the information on my list (for example, bright pasta bowls and pasta for my brother and his fiancée who had recently bought a house and were short of cash).

After I had chosen from the gifts gathered, I was below budget and able to buy some extra ones. The presents were swiftly wrapped (in Harvey Nichols paper), while I read a newspaper. The assistants reminded me I had chosen

Stilton for a gift and so I had to keep it cool until Christmas.

I was helped into a taxi with my bags, although they could have been delivered the next day. I felt under no pressure to meet or exceed my budget and was warmly thanked as I left, having had the best and easiest 75 minutes of Christmas shopping of my life.

At Dickens & Jones, gifts are not chosen specifically for the people on your list

but instead you are shown tables ready laid with gift suggestions.

Many were way over my budget limit (a basket of chocolates, for instance, that would have been perfect for my Gran was £30) and after making a few first choices, I felt I was scrounging for cheaper items.

By the end, I had to reconsider some chosen gifts to stay within the budget and a few others were not entirely satisfactory.

After I had paid for the gifts, I was given a little bag of samples as a thank you.

The presents were elegantly wrapped (in chic gold, silver and bronze paper with black and gold Dickens & Jones ribbon) and delivered to my office. They arrived with a pack of brightly coloured labels so I could write the gift messages - a nice touch.

Both stores had passed the Christmas shopping test. At Dickens & Jones those who prefer a more anonymous touch could take their own ribbon to hide the origins while at Harvey Nichols (where HN paper was used) you would have to take your own paper as well.

■ Dickens & Jones, call Carolyn Robertson on 0171-781 7770 extension 322. Harvey Nichols, call Deborah Shaw on 0171-239 5633. Selfridges, call Gabriella di Nora on 0171-518 5536. Harrods, call Julia Soles on 0171-581 4874.

Harvey Nichols	Dickens & Jones
William (goldsmith)	2 Babygros
Beck (watches)	Chanel make-up
Flores (cosmetics)	Aveda Makeup Oil
George (jewellery)	Celine Klein underwear
James & Charles	Pasta and pasta bowls
Family in Australia	Individual Christmas greetings and birthday letters
John	Edie Wright oil set
Angela Packer	Cardie in glass
Uncle John	Jar of Stilton
Gran	Photo frame
TOTAL	TOTAL

## The season's little helpers

Alice Brickwood discovers what is available to hard-pressed revellers

Christmas is a time of goodwill, of giving and of sharing, but there is nothing in the scriptures forbidding the outsourcing of preparations. Think of it as energy conservation. The celebrations are exhausting enough, so leave the logistics to somebody else.

Who has time to sharpen an axe and chop down a Christmas tree? And who stuffs their own ladder-ridden stockings with goodies for the kids? We already use seasonal middle-men and it makes sense to take more advantage of these little helpers and their skills of procurement.

Let us start with the tree. Project Plants, 13 Cinnamon Row, Plantation Wharf, SW11 (0171-585 2402) offers a Christmas tree delivery and installation service, but allows you the privilege of dressing it yourself. Prices for a 5ft-6ft tree are from £25 to £28.

If there is little time to decorate the tree yourself, Joanna Wood and her decorating team will rush to the rescue. They will match the tree to the room, and supply decorations as well as fresh flowers. Prices start from £250 (0171-730 5064).

For Terre, 8 Marylebone Passage, W1 (0171-323 1623) will provide a 7ft tree with lights, cinnamon sticks and baubles from £250, a door garland from £45, a table centre with candles from £50 and swagging for the hearth at £10 a foot. It will also decorate the house from top to toe - prices start at £450.

Having sorted the tree, it is time to get other people thinking about the toys. Baby & Co, 12A Wetherby Gardens, SW5 (0171-573 0574) will provide books, hampers, stockings and toys for children under the age of five. Hampers and stockings start at £29.95 (excluding delivery) and can be sent anywhere. Goodies arrive

unwrapped but clients usually like to see what is included.

On the big day itself, why not outsource the serving? Joanna Towler runs Table Talk, which provides cooks, waiters and butlers. The cost of a cook for Christmas Day or New Year's Eve would depend on location and hours, but estimates start at around £300. Waiting staff or butlers will cost about £100.

An alternative to hiring a cook is for Table Talk to pre-cook your meal. It will deliver the food, ready-to-heat, along with cheeses, on Christmas Eve.

The service starts at around £25 per head, plus £35 delivery. Table Talk supplies hand-made crackers, party poppers and festive tablecloths and anything else that is needed (0171-401 8300).

At the Pie Man Catering Company's three delicatessens in London, pre-cooked food - lemon and ginger chicken with broccoli or lamb and flagolet bean casserole as well as the traditional "works" - can be bought or it can be delivered for between £8 and £16 in central London. Average price (for six or more) is around £20 per head for a three-course meal.

Staff for Christmas Day would cost £120 each for a six-hour period - call Murray Toulmache at Pie Man on 0171-627 5232.

The Overseas Posting Company's clients are mostly residents abroad who cannot do without British goods at Christmas. The company will shop for you within the UK, track down what you want and gift-wrap and post the result.

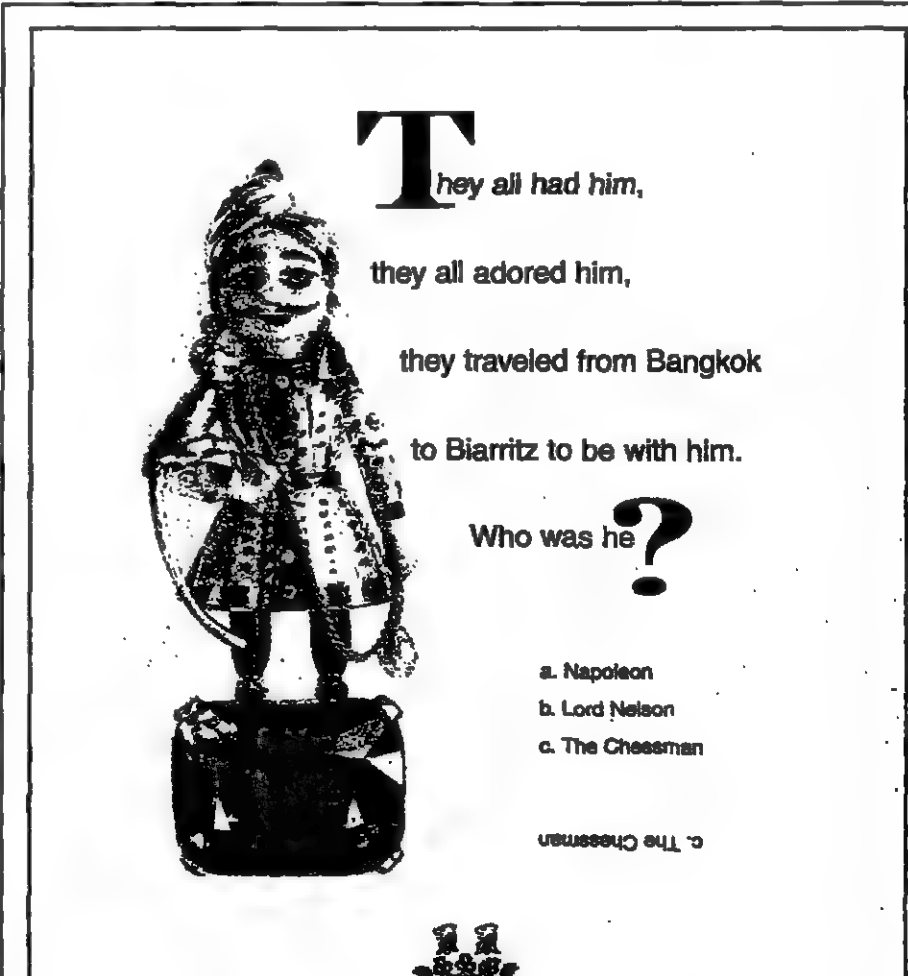
There is a minimum charge of £25 and delivery costs are extra. For further details call or fax Joanne Andrews or Rebecca Harries in the UK on 0181-644 7719.

The Empire Group offers a range of pre-selected gifts for

individuals and companies. The choice includes a silver-plated wine bottle drip collar at £5.50 and a handmade bride-leather vanity case with aromatherapeutics Jet Set kit at £1,120. Contact the Empire Group on 0171-727 5646 for details.

For the Christmas equivalent of your own big game hunter, Amanda Platt (0171-229-5109) is ideal. She can track down anything from a lightweight torch to an extravagant shawl. She charges between £250 to £300 per day or will negotiate to shop by the hour.

If you are feeling adventurous and looking for unusual presents this Christmas, try a shopping trip to Paris, guided by Irene Adamian. A half-day of guided shopping will cost FF7500 or a whole day FF8500.



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**they all adored him,**  
**they traveled from Bangkok**  
**to Biarritz to be with him.**

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b. Lord Nelson  
c. The Chessman

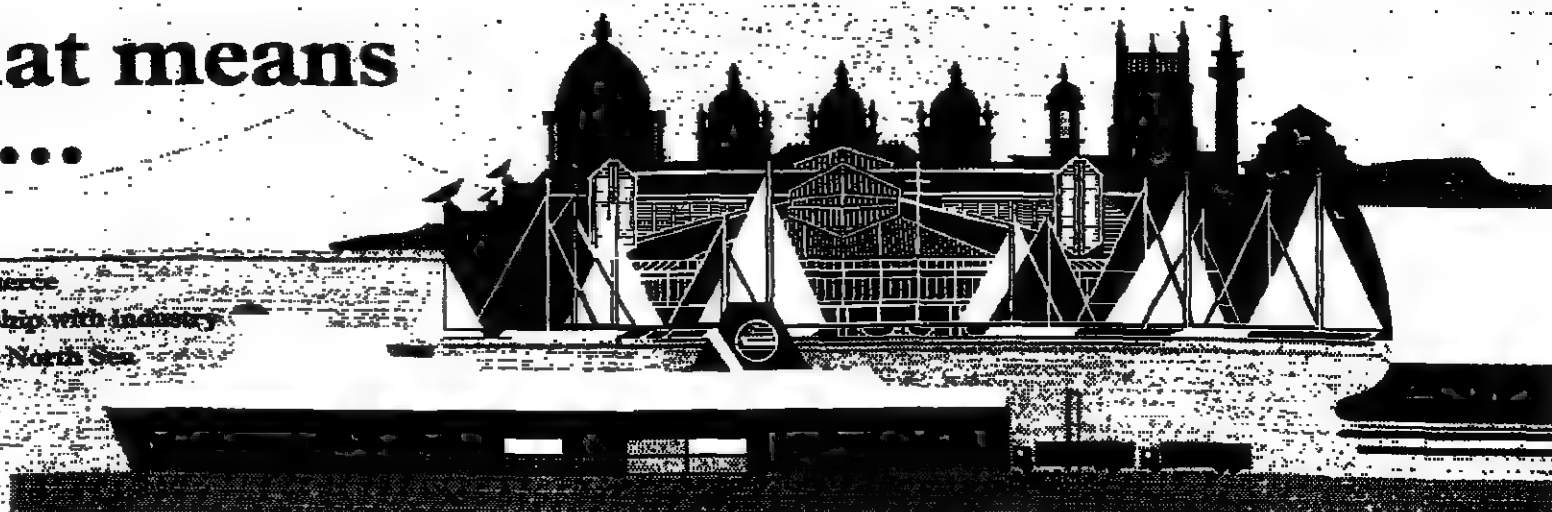
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## FASHION



Black velvet evening dress, £2,500, by Pamela Dennis at Harvey Nichols, Knightsbridge, London SW1 (tel: 0171-235 5000). Earrings, £120, by Erickson Beamon, 38 Elizabeth Street, London SW1 (tel: 0171-259 0202)

## A luxurious tactile fabric for the bleak mid-winter

Marion Hume drools over velvet for the richness of its colours and the variety of its treatment

Velvet is tactile, covetable, opulent and warm: everything you want from a fabric in the bleak mid-winter. In rich, dark, antique colours, or in vibrant brights, it is the most luxurious winter warmer. The surprise is that, in fashion terms, it has become one of the most adaptable.

Although associated with winter clothes, the best velvets have a lightness that gives both depth and fluidity. Velvet is a pile fabric, which is woven into loops over rods. These loops are

then sheared off so the pile sticks up above the base cloth. It is this technique which makes velvet so pleasing to touch. Because of its unique combination of strong, sheer base fabric and sensuous raised pile, the fabric is surprisingly robust, allowing it to be distressed and burned away with acids into intricate patterns.

This burning process is known as devoré, and is used to achieve patterns so sheer that the skin shows through. Because patterns are burned into the cloth, rather than printed on top, velvet devorés have a subtlety, a

shimmer of texture, that is alluring without being obvious.

Until the 1920s, when synthetics and chiffon velvets were introduced, silk velvet was used sparingly because it was (and is) very expensive. After the first world war synthetic devoré velvets came into their own - though they tended to stay behind bedroom doors.

Devoré velvet was then thought rather cheeky because its sheerness could reveal more than a hint of stocking. It was a boudoir fabric, used for robes worn at home.

The exception was the splendid burnt, cut and baked velvet patterned opera coats created by the Venetian master, Mariano Fortuny. Much desired by museums and private collectors, these can now fetch tens of thousands of pounds at auction.

At designer level, where prices often pass £1,000, opulently detailed velvets are in vogue again. Designers, from New York to Paris to Japan, are in love with the cloth.

Donna Karan has used it in slip dresses that slither off the shoulders - where the velvet is almost entirely burnt away so that only a whisper of the pile remains. Yohji Yamamoto's fabric researchers stumbled upon some jewel-bright devoré velvet made in the 1930s in China and the same vibrant colours have been reinterpreted in his collection.

In Paris, Martine Sitbon, who has always had a love of decorative textiles, has used angular, graphic burn-outs, etched into velvet dresses in colours like plum, sage and lavender. In Britain, Maria Grachvogel, who has built her reputation on bias-cut satin slip dresses, has used devoré velvet in stinky dresses that spiral to the floor.

Pamela Dennis, little known in the UK but well-known in Hollywood for her sheer-style gowns, has a black evening dress in her collection (available at Harvey Nichols) which blows away any notion of velvet being a fabric just for little girls' party dresses.



Like devoré dress, £975, by Martine Sitbon at Liberty, 210-220 Regent Street, London W1 (tel: 0171-734 1234). Flower choker, £200, by Erickson Beamon, as before.

Photographer: Sheridan Morley  
Stylist: Charlie Harrington  
Hair and make-up: Alex Babicky for Mandy Cowdrey

Issey Miyake has taken canary yellow, a hot colour that rarely makes its way into winter collections, and treated it to overblown jungle motifs in forest green and poppy red.

The good news for those not in the designer wear market is that devoré velvet is everywhere at high street level too. From scarves to tunics to floppy palazzo pants, velvet can be found at all prices. It can be worn for day or night and, if you are Christmas shopping, is a sound bet for a desirable gift.

For scarves, I love Sharon Ting's delicate work as well as the printed velvets of Georgina von Etzdorf. Neisha Crossland is building a reputation as one of Britain's best scarf designers, while Helen David of English Eccentrics, is long established not only for scarves but for delicious tunics too.

Charles & Patricia Lester's work is very pricey because its artisanal techniques are so labour-intensive.



Red velvet dress, £249, by Maria Grachvogel at Liberty, 210-220 Regent Street, London W1 (Stockists tel: 0171-551 5150). Black feather hat slide, £150, by Eric Hally at Erickson Beamon, 38 Elizabeth Street, London SW1 (tel: 0171-259 0202). Red velvet shoes, £229, to order at Emma Hope, 33 Amwell Street, London EC1 and 12 Symonds Street, London SW9 (tel: 0171-833 2367)



Red sleeveless polo neck, £65, by John Smedley at Harvey Nichols and S. Fisher, 22-25 Burlington Arcade, London W1 (Stockists tel: 0171-734 1519). Bright velvet skirt £550 by Issey Miyake at Browns, 23-27 South Molton Street, London W1 (tel: 0171-491 7633). Bangles £25 each from Liberty, 210-220 Regent Street, London W1



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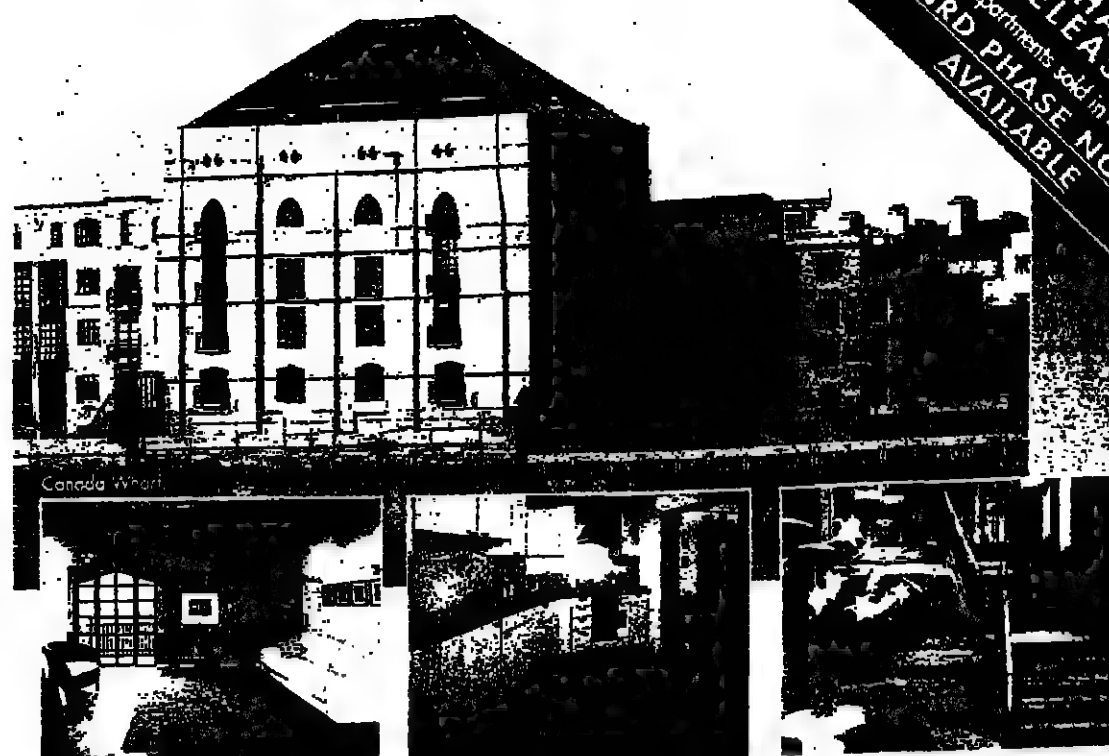


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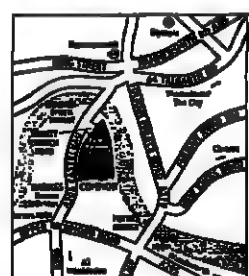
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## PROPERTY / OUTDOORS

Gardening/Robin Lane Fox

## Finding presents in the garden

The final leaves on the trees may just have fallen before Christmas. They are about as late as my Christmas presents and if you are still in doubt about what to buy, perhaps I can direct you towards relevant thoughts in the garden.

Found for pound, plants are far better value than most tools and are more rewarding. They grow to do the work of the more expensive tools and fancy decorations. Self-styled garden experts can still be out-maneuvred. They are never so expert that they will object to a plant token, to be spent at a specialist nursery. Anyone who likes trees and shrubs which are different will like a gift voucher from Bluebell Nursery in Derbyshire, which can handle orders by Visa or Access (telephone 01283-222091). They also have a range of hefty herbaceous plants at £3.50 or so each - gift tokens are available from Rushfields of Ledbury (telephone 01531-633004).

Perhaps you fear the postal ser-

vice or are thinking of buying for gardeners who are far from expert. The answer here is to go to the nearest garden centre, walk straight past the seasonal poinsettias and over-priced spruces, head for the open air and consider my top six shrubs for gardeners regardless of their soil or situation.

The first stop, as always, is Viburnum. You can either buy one of the winter flowering forms which grow in an upright manner to 7ft or more and can be seen flowering brilliantly this weekend. One of the best is Viburnum Deben which originated from Notcutts of Suffolk and is available in some of their bigger centres. Otherwise, the pink flowered Viburnum Bodnantense Dawn is to be found almost

everywhere. As a companion, you could add one of the spring flowering Viburnum carlesii, perhaps Aurora or Diana. These superbly scented shrubs are never unwellcome, and are a slower growing luxury which economical gardeners sometimes deny themselves.

I would then comb through the Cistus, but I would be more fussy. The best hardy form on general release is Cistus cyprus, but you must expect its leaves to be turning a grey-blue shade of green, like dull lead. This colouring is normal in winter, but it changes in warm weather. This evergreen shrub grows strongly to 4ft-5ft and covers itself with white flowers which have a dark central stain. I find that it is nearly as hardy as the green-leaved Snow White which is

much rarer in garden centres. No blotched Cistus is entirely hardy, but the Cypriote form is as strong as they come.

I would then add a Philadelphia. The best is amazingly well known, Philadelphia Belle Etoile, but I cannot beat it for people who do not yet have everything. Again, the white flowers have a slight tinge of purple and the scent is utterly heavenly. Almost anything in this family is a good buy, but the best of the smaller forms is Sybille, though it eventually grows about 4ft high and 4ft-5ft wide.

It takes a nerve to give someone the hardy blue Ceratostigma Willmottianum for Christmas. The plant has become a bare, miserable framework of wiry stems, but many of you will

remember that this plant, known as the hardy plumago, is the supreme shrub for autumn when its low bushes are covered with the brilliant blue flowers. It grows in any sunny garden and nobody has too much of it.

Roses are more difficult because everybody has a few in mind already. Try the prickly Rose Frühlingsgold which is a hardy staple at most garden centres. Half-hearted gardeners or beginners tend to overlook this extraordinarily easy and beautiful form because its flowers are single and appear by early June. It flowers only once, but it is spectacular in the weeks before the main roses dominate our horizons. Anyone can grow it, but they need space up to 7ft high and 5ft wide.

Perhaps you find yourself planning for someone with a small back garden, edged with raised beds in front of the fencing panels. Here, nothing is easy, but in anything except dense shade, I would choose a Daphne, probably Daphne Odora Aureo-Marginator because it will fall forwards and usually grow without trouble.

An easier alternative is Sarco-cocca confusa which has immensely elegant evergreen, shiny leaves and small, sweet cream flowers in late winter. It can be clipped if necessary and is an admirable punctuation mark in those low borders which cause such problems in London back gardens. It grows in shade, but it takes three or four years to gather momentum. Its popular name is Christmas Box.

Lastly, give them a Clematis if you are in doubt about space. Anyone can fit in another, not least because this dry summer killed off some of the recent plantings for gardeners who were distracted. Clematis The President is an easy winner which people may have missed. Its dark purple-blue flowers are a wonderful contrast to white flowering shrubs or climbing roses and in a good year, they will appear twice, in June and autumn. Later flowering varieties are a knowledgeable present to go with a spring flowering Viburnum carlesii. They can be planted to scramble over the shrub's branches and give it the appearance of a second season of flower.

My most successful choice has turned out to be the white-flowered Clematis Viticella Alba Luxurians which grows quite tall and is somehow lost against a wall. On a shrub it is much more impressive and after flowering you can cut it near to the ground each spring, tidying away the previous tangle of stems.

## Trees take time - but the taxman is fast

Gerald Cadogan tells why it is a good time to invest in woodland - before a tax loophole closes

Deep in the forest, something stirred...

Next year that stirring may well be the sound of the taxman, eager to close a loophole which exploits investment in forest land.

Now may be the time to buy that piece of woodland that you have always coveted. Children and grandchildren might well regard you as Father Christmas in perpetuity if you bequeath them their very own forest glade.

For those facing capital gains tax on profit from a business sale, a stand of timber would prove a welcome gift to themselves - which they could allow their children to inherit. In addition to a re-investment relief (RIR) tax break, there will be no income tax or capital gains tax on UK timber sales.

And once the buyer has owned the wood for two years there is no inheritance tax (IHT) either.

To take advantage now - and to use the tax break efficiently - Simon Verdon, of Fountain Forestry, advises buying bare land or land with a very young crop, where the trees are a small element of the value, waiting

a few years until it is time to sell or gifting them tax-free. In the UK, tax breaks are often the prime reason for investing in large swathes of wood, or "spruce factories", as Anthony Hart of Bidwells, calls them.

The present system of grants, introduced in 1988 to correct abuses of the earlier system of direct income tax relief for buying or planting woods, has proved no incentive at all.

While the government wants \$1,500 a year put in, new planting lately has been almost non-existent, says Hart, "apart from a bit of restocking".

A weak timber market has not helped. Prices that peaked in September 1995 were 11 per cent lower in September this year. In Clwyd, Shotton paper mill shut down for a fortnight this year for the first time in its 10-year history. The market for wooden fencing has also declined sharply.

However, the news is not all gloomy. Thanks to more housing starts, Hart detects some signs of recovery that have yet to appear in the statistics. UK timber producers are also helped by the fact that more Canadian timber now finds its way to the US market.

On a long view, the price of UK standing timber has

steadily improved. Compound annual growth since 1982 of 9 per cent comfortably outpaces the equivalent figure for inflation of 4.5 per cent. But, Hart warns, the market is always a roller-coaster.

Demand is still good for sitka spruce in mid-rotation, that is pines which are about 25-years-old between five or 10 years to go until felling. Early last year a typical price was £1,000 an acre. Now it could fetch as much as £1,500 at a good location - on rolling but not rugged terrain, with tracks for taking the timber out, and not too far from a mill.

To foresters, the Borders of England and Scotland combine these "advantages" best. Western Scotland has a faster growth rate, but tax-rain and communications are difficult.

Another brake on the market is the large amount of Forestry Commission woodland for sale, says Richard Stirling-Aird of Savills. The commission is offering the land in the hope of meeting its 10-year disposal target of 250,000 acres. However, putting more land on the market brings prices down.

An alternative to investing in Britain is to buy deciduous hardwoods in the eastern US. Bruce Jacobs, of Fountain's US office in New



Hampshire, says: "It is the best place to practise sustainable hardwood forestry since when the trees are felled, they regenerate."

Early American settlers cleared about 85 per cent of the New England woods. But the forest regrew when they abandoned their farms in the 1900s and went west.

Today, great woods grow among long-forgotten dry stone walls - a wry triumph for nature over man. How different from the Tropics, where the chances of regenerating the ever-shrinking rainforest are much slimmer.

US hardwood is the best quality outside the tropics, and the best values are in wood used for veneers. Top species are ash, cherry, maple and oak, but many more flourish.

When buying a wood,

which may well have trees 200 years old, an owner should cut out low-value growth - such as beech, which is affected by insects - and leave high-value trees, such as cherry - until they are ready for cutting.

In a typical wood of 40 per cent beech, 40 per cent cherry and 20 per cent other varieties, an owner should aim for 60 per cent cherry after 10 years. On harvest, an owner has no great need to replant, says Jacobs.

"Natural regeneration will take care of that."

The other advantages of New England are fabulous countryside, especially in autumn, and country pursuits. It is rare to have a planning hassle over build-

ing a house in the woods, and there should be the pleasure of making a profit while promoting environmental sustainability.

UK tax rules for UK investors in the US are not quite so advantageous as they are for UK woodland, but full IHT relief is available, and in this instance RIR relief can apply for buying both the trees and the land.

US prices are attractive. Fountain offers 728 acres of pine and oak on an estuary in Maine, complete with an old house and the stone walls, for \$975,000, and 26,500 acres of oak in Kentucky for \$10.1m.

But either side of the Atlantic, trees take time. That makes it unwise to plant good arable land with trees, warns Steve Humphris, of agents Knight Frank, because in spite of the planting grants, it will reduce the value sharply.

But owners will still tree up a corner of a field as a covert for pheasants - and plant swathes of trees on non-arable land as a tax-free gift to the next generation.

Companies selling woods include: Bidwells, Perth (01738-630886); John Clegg, Chesham (01494-784711); Fountain Forestry, Banbury (01295-750000) and Plusfield, New Hampshire (001-603-435-5234); Savills, Brechin (01356-82187).

## Motoring

## Downhill days for diesels

But Stuart Marshall believes they will soon be on the up again

A people who buy equities when a bull run is ending know only too well, what goes up must come down.

But blue chip company shares, bought in a recessionary trough, turn out to be excellent investments.

I see an analogy here with the state of the diesel car market in Britain. Diesels will take around 18 per cent of the market this year. Until 1994, when they reached a peak of 22.6 per cent, their rise had been unbroken and meteoric. In two years they had more than doubled, from 200,636 registrations (12.6 per cent) in 1992 to 431,047 in 1994.

Last year they fell back to 405,079 (20.3 per cent) and the decline has continued. This year's probable 18 per cent represents just under 365,000 registrations.

So, does this mean the diesel car is a busted flush in Britain? In my view, absolutely not. The downward trend may continue in the short term but, long before the turn of the century, diesel cars will be in the ascendant once again.

Negative publicity about exhaust-borne particulates has harmed the public's perception of the diesel car as environmentally friendly.

Diesel cars do emit more particulates than petrol cars and there is much debate about their potential for damaging health. But in virtually every other respect their exhaust gases are less damaging.

They also burn substantially less fuel and a well-maintained diesel car

engine's pollution performance improves in some respects as it gets older, while a petrol engine's worsens.

The economic case for the diesel car has been weakened in three ways. Its one-time fuel price advantage has been turned upside down; in Britain, a litre of diesel now costs an average 8.5p per litre against 5.5p for unleaded petrol. And, as used, ex-fleet diesel cars become more plentiful, they lost their higher retained values. Plus, the fuel economy of petrol cars has improved.

Two main factors will, I am confident, turn the argument in favour of the diesel car again. The first is political. The chancellor has recognised the injustice of taxing super-clean City die-

sel at the same rate as normal diesel fuel, although it reduces particulate emissions by about 30 per cent.

Compare this with the long-standing favourable tax treatment of unleaded petrol compared with leaded four-star.

But even more important is an emerging new generation of direct-injection engines for diesel cars.

These are so fuel-miserly that they restore - even increase - the diesel's consumption advantage over even the most economical petrol engines. At present, most diesel cars have indirect injection engines. Their fuel starts to burn in an ante-chamber alongside the cylinder. Direct injection engines take their fuel straight into the cylinder and the combustion chamber

is a depression in the top of the piston.

For diesel car buyers, how they work is less important than what they do. The thing that matters is that size for size, the most economical cars on sale today are Audis and Volkswagens, Rovers and Vauxhalls (Opels) powered by direct injection diesel engines.

No car engine produced anywhere in the world can match the Volkswagen's 1.9-litre DI turbo-diesel for thermal efficiency. Development has overcome former lack of refinement so successfully that DI diesel cars such as the Audi A4, new VW Passat, Rover 220 and Vauxhall (Opel) Vectra are as enjoyable to drive as they are economical.

It is hard to foresee a change in the policy of raising motor fuel tax by more than the rate of inflation. Under a Tory or Labour government, unleaded petrol must cost well over 23 pence per gallon (66p per litre) in two years. By May next year at the latest, City diesel should be no dearer.

The financial attraction of a direct-injection diesel car delivering at least 20 per cent better fuel mileage than the most efficient petrol-engined car speaks for itself. The Joker in the pack is the direct-injection petrol engine; Mitsubishi will market one in Japan next year. It is said to approach, even match, DI diesel economy. But the DI petrol engine is just at the start of the learning curve: car-sized DI diesels are already benefiting from years of research.



The new British-built Vauxhall (Opel) Vectra Estate, above, is both smart and roomy. With on-the-road prices starting at £15,470, the Vectra estate comes with a choice of multi-valved 1.5-litre and 2.0-litre four-cylinder and 2.5-litre V6 petrol engines, plus a 2.0-litre direct-injection diesel, also multi-valved. The diesel has close to petrol-engine refinement and sets new performance and economy standards, averaging 54.3mpg (5.2 l/100km) according to the Eurocom formula, compared with a 40.4mpg-51.0mpg (7.0 l/100km-6.1 l/100km) range for the petrol versions.

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Weekend FT



## SPORT

Baseball / Laura Tyson

## Turbulent times for Taiwan's game

With gangsters as enthusiastic fans, Taiwanese baseball players are painfully aware that a bad day on the diamond can mean more than the usual verbal abuse from the stands.

A few months ago, four star players were kidnapped at gun-point, roughed up and threatened with worse after losing a game on which their gang fans had apparently staked hard-earned money.

The baseball action has continued even though the season officially ended last month. As with so many sports in so many countries, there has been a break with the established league, the courting of television and sponsorship money, and lawyers as lead batters and star pitchers. But in Taiwan, the split highlights historical ethnic rivalries between those of the island's inhabitants of mainland Chinese origin and those who proudly call themselves "Taiwanese". The latter

include the island's aboriginal inhabitants, who account for only a fraction of a per cent of the country's 21m population but for roughly one-fourth of Taiwan's professional baseball players.

The stage for a legal showdown was set in November when nine superstar players with wide fan followings announced plans to defect from the existing seven-year-old Chinese Professional Baseball League to the upstart, Taiwan Major League, and their current employer vowed to sue them for breach of contract.

The new league is offering top players double their previous salaries to jump ship. "There's a lot of bad blood between the two leagues and there's too much face on the line for compromise. I think

this is going to get pretty ugly," said one long-time observer of Taiwan ball.

Indeed these are turbulent times for Taiwan baseball, whose image has suffered badly from a triad-inspired gambling scandal, charges of poor management and shabby treatment of players, all of which has translated into sliding fan attendance. At the same time the ante has been raised as the advent of legalised cable television and satellite television in Taiwan has opened up new opportunities for large corporate investors seeking to cash in.

"The conception of the second league has no connection whatsoever with the natural evolution of baseball in Taiwan. There's a revenge motive at work here," said

Daniel Tu, secretary-general of the old league.

Mr Chiu Fu-sheng, one of the founders of the new league, sees things differently. "I feel the CPBL didn't do a very good job in developing the league," he said. Capitalised at T\$1bn, the league's holding company, Naluwan Group, will eventually be listed on the stock exchange. Mr Chiu denies that the date for the TML's opening game next season, February 28, has anything to do with politics. "It's just an auspicious day according to the lunar calendar," he said.

But that day is inextricably linked in the minds of Taiwanese to an island-wide massacre of thousands carried out by the Nationalist Chinese military, newly arrived from China's civil

war, following an uprising which began on that day in 1947.

Historically aborigines have faced substantial discrimination in Taiwan, and the new league is a sign that their culture and contribution to Taiwan society, once disparaged, is now appreciated.

The looming legal battle comes at a time when the sport is still reeling from revelations of collusion between players and the underworld to fix games. Dozens of gangsters have been arrested and the old league has enlisted the aid of the justice ministry to investigate allegations of other teams - including the China Times Eagles - playing suspiciously poorly.

The CPBL's Mr Tu

believes that gangsters this year shifted operations from Hong Kong's Mark Six lottery, which had an underground business worth between US\$2bn and \$8bn per year in Taiwan, to baseball. "We play ten games a week for 30 weeks a year. Our league is tailor-made for gamblers," he said.

The commercial potential of the sport is huge and includes revenues from television broadcast rights, corporate sponsorship and promotions as the sport develops in Taiwan.

Late last year, a unit of the Chinatrust group, headed by a powerful tycoon, Mr Jeffrey Koo, bid T\$1.5bn for exclusive three-year television rights to broadcast baseball games - more than the T\$90m that

TVBS, a local unit of Hong Kong's TVBS, paid for the previous three-year contract.

At the same time, China-trust's ball club, the Whales, were allowed to join as the old league's seventh team - but an amateur team belonging to Sampo, a big electronics group, was rejected despite an understanding that it would join alongside the Whales. Mr Tu said the league's directors felt there was not enough fan support to sustain eight teams.

The loss of baseball coverage threatened the survival of TVBS's Taiwan operations, because the programming is bundled into a package but the local cable operators buy it chiefly for the coverage of local baseball. So the two disgruntled businessmen - Mr Chen

Sheng-tien, Sampo's chairman, and Mr Chiu, who controls TVBS, teamed up to form the Taiwan Major League. In the year since the new league was founded it has been training players, holding exhibition games and poaching talent from the existing league in preparation for the start of its season.

Unlike professional team sports elsewhere, whereby each team is separately owned and run by different corporations or individual owners, the new league will itself own the teams and appoint players, coaches, managers and staff. The TML will seek corporate backers for each team for three-year contracts. It remains to be seen whether there is enough support from fans and sponsors to sustain two leagues in Taiwan, but Mr Chiu is optimistic. "Baseball is a part of Taiwanese culture. It will be difficult at first, but once we become more competitive everything will be fine."

## Rugby

## Strong but not formidable

South Africa are unlikely to inspire in their clash against Wales, says Huw Richards

Do not shake hands with Nelson Mandela. To most of the world he is still, justifiably, a hero of our times. To top-class sportsmen, strong association with him appears to be the prelude to career termination.

Following cricketer Devon Malcolm, labelled 'The Destroyer' by Mandela and subsequently dropped and brutally insulted by England, comes South African rugby captain Francois Pienaar.

He is a charismatic leader, and supreme diplomat - amid the excitement of winning the World Cup he had the presence of mind to remind an interviewer that it was a triumph for all 43m South Africans and not just the privileged 60,000 at the match. And it was his number on the Springbok shirt worn to the final by Mandela.

Eighteen months later he has been dropped from the South African team in terms implying that if only 16 men were available to South Africa, Pienaar's clean-cut features would be those star-

ling from the replacement's bench - coach Andre Markgraaf said he had no future in international rugby. His decision, after consulting President Mandela, to sign for Saracens confirms he will not be returning.

Polls indicated that South African rugby fans were against his displacement as captain and back row forward by Gary Teichmann, who will lead the Springboks against Wales at Cardiff today.

But it is not necessarily a bad decision. To be a World Cup winner confers a glow on players that might not be justified in strict playing terms - in football it is arguable that England's 1970 squad was the best it ever sent to a World Cup, but it is the 1986 winners we all remember.

Before the World Cup, Pienaar was a contentious figure - his right to a place in the side, let alone the captaincy, widely contested outside his own province, Transvaal. His performance in the final against New Zealand was a rare conjunction of man and moment, a merely good player temporarily elevated to greatness

amid an inspired display that enabled a good team to beat a great one.

But his removal completes a clean sweep of the people most closely associated with the World Cup triumph - following coach Kitch Christie, manager Morné du Plessis and South African Rugby Union chief executive Edward Griffiths. Their achievement, and Pienaar's, was not only to win the trophy but to ensure that it was seen as a triumph for the whole of South Africa, not just its white minority.

It was always unrealistic to hope that the euphoria of June 1995 could last forever, or that it could of itself lead to fundamental change in a society so deeply riven by its history.

Tommy Bedford, the former Springbok vice-captain who lives in London but visits South Africa several times a year argues that not enough has changed. This, he says, is largely because the non-white rugby unions have been amalgamated into the white South African Rugby Union post-apartheid, rather than an entirely new

body being created.

"The white union had all the money and the international contacts, and therefore all the power. All the emphasis has been on the international and provincial level rather than at club level, where it would have been much easier to encourage black involvement."

Success in the World Cup reinforced that emphasis. It also allowed rugby to keep the Springbok name which other sports had given up because it was too redolent of apartheid.

In the absence of winger Chester Williams, whose two tries demolished England last season at Twickenham, the only non-white on the field at Cardiff tomorrow will be Welsh flanker Colin Charvis.

Performances in the summer against New Zealand, when they lost a home series to the All Blacks for the first time, and in the last three weeks against France, suggest that they need Williams even more as a player than as a symbol.

The forwards - with lock Mark Andrews and flanker Ruben Kruger candidates for any World XV - are still far

more than a little

stolidly strong. Stopping France from scoring a try in either test - and in any of their last four meetings - shows that the defensive qualities that won the World Cup are still there.

But a nasty, mean-spirited clash in Paris last week showed little evidence of creativity in a back division where only scrum-half Joost van der Westhuisen and full-back André Jonker have real attacking qualities.

Outside-half Henry Honiball displayed a strutting manner and a siege-gun boot, but none of the other qualities of the top-class midfield creator.

Wing James Small, closing on the all-time South African cap record, twice selfishly wasted chances by turning inside rather than passing outside.

The pattern of international games so far this season has been of southern hemisphere nations having too much power for European opponents but, the New Zealand Barbarians apart, not enough to excite or inspire.

Tomorrow is unlikely to be very different.



The pressure will be on Jonathan Davies who looked successful for Wales against Australia

## Puissance

## New heights at Olympia

Keith Wheatley on the equestrian equivalent of the high-jump.

The pre-Christmas show-jumping championship at London's Olympia is perennially popular with riders and spectators. When it opens on Wednesday the capacity crowds will be particularly focused on both height and perfection.

Puissance is the equestrian equivalent of the high-jump. Like their human equivalents, show-jump horses seem naturally to push and expand the boundaries of performance. The world record is currently 7ft 10 1/2 inches and looks likely to be beaten.

There is a standing prize on offer from a Spanish sponsor of £120,000 for the first horse and rider to clear 8ft.

Guy Goosen, 22, is the man most likely to succeed, as American high school yearbooks once put it. The young Yorkshireman has emerged over the past couple of years as the sport's pre-eminent puissance specialist. His horse Sagrat leapt to the winner's podium at Olympia last year and is favourite to retain the title, worth £12,000 from sponsors UPS, the international courier service.

Winning at these altitudes is not so much a riding technique as a unique ability that only a tiny number of horses have.

"It's pure jump," says Goosen. "They've also got to be very brave and have total trust in the rider. There's no way they can see through the wall, so they have to believe in you."

It may be the image of a horse leaping at a seeming impassable "brick" wall (albeit one made to collapse) that has made puissance unpopular with some animal rights groups. "There are people with anti-views," admits Goosen. "But Sagrat does it out of pure enjoyment. He loves the whole occasion."

What seems to bear out this analysis is that puissance horses cannot be

schooled back at the yard to clear ever increasing summits.

"You just can't practice at competition heights," explained Goosen. "Without the adrenalin and the crowd atmosphere the horse won't get within six inches of where he needs to be."

Goosen's unusual specialty - he is also in the British show-jumping team - began at last year's Horse of the Year show in London.

Three of them are coming to London nursing hopes of a successful rematch in the Volvo World Cup competition next Saturday afternoon.

Ulrich Kirchhoff, winner of the individual and team Olympic gold medal, heads the landing party, aided by Atlanta team-mates Franke Sloothak and Ludger Beerbaum.

Other stars among the entries include Rodrigo Pessoa of Brazil and current European champion Peter Charles of Ireland.

Last year just one-hundredth of a second separated Nick Skelton on Everest Dollar Girl from victory in Olympia's main event. As sole British rider in the Volvo World Cup jump-off Skelton gave his all in front of a deafeningly patriotic sell-out home crowd. Beer-

baum had set a time to beat of 33.49 seconds. Riding the bay gelding Gaylord, Beerbaum had been forced to enter the arena out of the six riders qualifying for the jump-off.

From the bell, this German show-jumper showed attitude. His stirrups virtually brushed the unused number eight jump as he took a line to the vertical third fence that was so acute it had the audience gasping.

Although Gaylord rattled the top rail, Beerbaum's luck held for the remaining three fences and he went on to win.

Third place overall went to Sloothak on San Patrignano Welshweir, in a time of 33.66 seconds. It was Olympia's best turnout for some years of elite European riders and the results board reflected that fact.

"Perhaps we should have hoped for a strike on the Channel crossings," joked Skelton at the time. "Seriously though, this standard of competition is exactly what the show needs."

This year the challenge is even tougher, but with more sponsors, more prize money and ever-more foreign talent pouring in, Olympia continues to hit the mid-winter heights. Ask Guy Goosen and Sagrat.



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# Making chop suey in Vancouver

Nicholas Woodsworth finds himself lost in a once familiar and tranquil Canadian city

There are lots of places in North America where Nature likes to throw its weight around. San Francisco is terrorised by earthquakes. Southern Florida is regularly torn to ribbons by hurricanes. Even in the dull flatlands of Kansas whole towns are uprooted and spirited away by tornadoes.

Not to be outdone, the damp, grey city of Vancouver also has its own special store of natural phenomena. Being Canadian, it shies away from anything as flamboyant as the twisters Dorothy and Toto experienced. Death by triangle, as far as I am aware, has yet to be recorded on city streets in Vancouver.

Rain as it might - and it rains in draw-out, Old Testament style here - Vancouver these days none the less sparkles. As the Sea Bus I was riding churned its way to the downtown waterfront, I gazed out through rain-droplet-speckled windows. Dramatically squeezed between narrow Pacific inlets and cloud-covered coastal mountains rose a bright forest of steel and aluminium and mirrored glass. So brash, new and fresh did it look as I stepped ashore it seemed it might have been built yesterday.

Much of it has. Not so long ago I had known Vancouver well. Now, wandering along once familiar streets, I had to admit myself lost. Gone was the friendly, intimate and slightly quirky provincial city of old. In its place stood a snarling, cosmopolitan, fully-grown metropolis. Reeling, I eventually ended up in the only place I still recognised - the street

corner of Hastings and Main. Never a salubrious part of town, it remains down-at-heel, a seedy continental terminus for the dead-beats, losers, bums and winos who, obeying some inner directive of westward drift, eventually find themselves on the Pacific with no space left to move. Here on a bar stool, at least, I felt at home.

What had happened to Vancouver, I asked my old friend Terrance Kline as he guided me, somewhat unsteady, away from Has-

Now, Kline complained, as we stood looking at the new apartment towers soaring over once shabby False Creek, the rat-race has installed itself on the shores of the Pacific.

The remarkable thing is that change has arrived not over the mountain passes to the east, but from the opposite direction, across the ocean from Asia. Today faces from all over the continent, but especially Chinese faces, throng Vancouver streets.

When Terrance Kline had greeted me with "Welcome to Hong Kong", he was only half joking. Built by Hong Kong billionaire Li Ka Shing, the False Creek development is just one small part of a massive influx of immigration, investment capital and dynamism arriving from east Asia. If Dorothy and Toto were swept up and deposited intact in a strange land, in the past decade an equally strange land has come to earth intact in Vancouver.

Vancouver's old Chinatown, a crowded and colourful quarter ever since Chinese labourers arrived to build Canada's railways at the end of the last century, is almost an irrelevance these days. So, too, to my friend Kline's chagrin, are the ancient, contemplative ways of the Chinese Tao. To see the orientalisation of Vancouver from its proper, hectic perspective, instead I took a lift to the plush, 18th floor downtown office of businessman Scott Shaw.

His adopted name, belying his Shanghai origins, Shaw began life in Vancouver packing boxes for a wholesale clothing company. Today he is head of the Sub-

ton Group, Canada's largest real estate brokerage.

Shaw's sage-to-riches success may not be typical of all Chinese immigrants, but his drive is with many Hong Kong and Taiwanese businessmen uncertain about the political future, Vancouver has proved a popular destination.

In recent years more than two-thirds of emigrants to

British Columbia have been Asian.

Many have brought wealth and finely honed business talent. More important, they have brought a shift to Vancouver's centre of gravity. Once perched on the very edge of the world, the city has been pulled into a front-row seat of the world's most dynamic region - the Pacific Rim.

How have the two cultures mixed, I asked Shaw. Not all oriental business high-fliers, it seems, find Vancouver's relaxed pace of life to their taste.

"After Hong Kong everything here is slow," Shaw laughed. "People walk slowly. They talk slowly. Announcers read the news slowly. If you go out to dinner here you will discuss sports, or women, or your golf game; if you go out to dinner in Hong Kong you will cut five business deals by dessert."

Many of Vancouver's new residents are locally known as "astronauts" - with families and homes safely established in Vancouver, they spend much of their time in the air flying to and from Asia, where the business environment is more challenging.

Where one goes for everything else, of course - to the shopping mall.

With Terrance Kline I



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Canada's Lotus land; they hold Canadian passports, but hesitate to make the move.

However great the differences may be, time and intimate contact will inevitably make Chinese and Anglo Canadians more like each other.

Already you can see second-generation Chinese teenagers messing around in their cars at fast-food joints, just as Canadian kids have always done. And Anglo entrepreneurs, tired of having circles run around them, may even now be sharpening their business skills.

But what may not survive this rapid global cultural exchange, it seemed to me, is any real sense of tranquility - Chinese or Canadian.

Where does one go these days for a little Buddhist prayer and meditation?

Where one goes for everything else, of course - to the shopping mall.

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went to the Aberdeen Center in a thriving Chinese suburb. Here, amid frantic Asians buying up cell-phones, cam-corders, perfume, designer clothing and fax machines, we came across the door to a Chinese temple.

For a hurried moment, through a fog of scented smoke rising from joss sticks, we contemplated seven large golden statues of Buddha sitting in perfect cross-legged repose. Then the fleeting vision disappeared and we swept onward with the crowds.

Like it or not, there is no slowing the pace. It may even bring benefits. Scott Shaw rejects the western "melting pot" analogy for the hybrid life-style now evolving in Vancouver. He prefers to call it "making chop suey".

Whatever it is called, such east-west exchange is a taste of the world's future.

## Last piece of France in North America

Hugh O'Shaughnessy on Saint-Pierre and Miquelon's unique qualities

The balding old woman, each in a lacy white cardigan of the sort that con-

As our flight was called they duly trooped down to the small aircraft and the 80-minute flight to the only piece of France left in North America. These days not many people except old women and French bureaucrats go to l'archipel, as Paris grandly calls Saint-Pierre and Miquelon, its two islands off the south coast of Newfoundland.

Since the Redcoats did the business on the Heights of Abraham in Quebec in 1759 and put an end for ever to "King Louis" and General Montcalm's dream of an empire stretching from the Saint Lawrence River down the Mississippi to New Orleans, this is all that remains of French sovereignty in North America.

The place is depressed these days but it still has its pride.

Announcements made on the Air Saint-Pierre flights are ostentatiously made in one language, for instance; travellers unwilling or unable to understand the language of Jean Racine and Jacques Chirac, are given a vague hint that they might be on their own if the aircraft were to ever come down mid-flight across the Cabot Strait. The message is that these windswept rocks and their 6,000 inhabitants are an integral part of the French Republic and outsiders going there should do well to remember that.

No visitor to the little town of Saint Pierre could imagine otherwise. On hand at the airport are the men of the Gendarmerie Nationale in their dark blue képis. A little square beside the radio and TV studios echoes each evening to the sound of metal bowls as locals play pétanque, while a few yards away the sons of Basque immigrants, who form a

good proportion of the tiny population, practise pelota against a high wall. In the Rue Beaussaint, Madame Hélène greets you warmly at her spottless pension with a glass of wine and feeds you on good coffee, croissants and pain au chocolat for breakfast.

Cath, on duty at the intriguing museum, tells how in 1900, after a local murder, the authorities brought the guillotine from Martinique. The only executioner to be found, a convict with a drink problem, was so inept and the knife so blunt - and the condemned man wriggled so much - that the machine's first cut failed and Joseph Neel had to be dispatched with a butcher's knife.

The tiny society is to this day riven by particularly French disputes. There are those who would never send their children to one of the church schools; others would never abandon religious education.

Some islanders are unhappy with the civil servants Paris sends who can double their salary if they can bear to work out a four-year contract. The Saint-Pierrais say the expatriate Frenchmen, whom they call Mayons, are the sort of administrators who have failed to get jobs in some of France's more tropical territories and are consequently bitter and condescending to the locals.

The Saint-Pierrais' name for the tiny population of Miquelon is "indiens". In their turn the Indians call the Saint-Pierrais Cul-Verts or Green Bottoms, supposedly because they sit on the grass doing nothing all day. The Mayons complain that the Cul-Verts' greatest skill is rattling the begging bowl in the face of successive French governments.

Things are indeed going hard on St Pierre and Miquelon: Canada's decision to impose a moratorium on fishing to conserve the dwindling stocks on the Grand Banks, once a trawlerman's paradise, has put an end to the most recent period of prosperity - in 1992

13,715 tonnes of fish was landed in the archipel; in 1983 it was 58 tonnes.

This remote place which Whitehall generously left in French hands in the 18th century as a refuge for French fishermen has seen periods of great wealth. But its glory days are over and it lies as a liability to the French treasury whose subsidies keep the tricolour flying. The quays of the port of Saint Pierre which once were full of foreign trawlers

part of French territorial waters that Canada recognises.

However, no-one in the territory realistically expects a return to the days of riches from the sea when the ancient chroniclers, exaggerating only slightly, told of ships barely managing to make headway through the silver mass of heaving cod which thrashed about in this fisherman's Eldorado.

The islanders' other great resource, the skill of smuggling, is also being cramped by regulation and statute. The islanders look back ruefully to the 1920s and the early 1930s when prohibition in the US and Canada made a fortune for the archipel. Al Capone came to inspect trade, staying at the Hotel Robert and leaving his straw hat to a shopkeeper who admired it.

There are those who dream that contraband could once again come to the aid of a remote, forgotten territory but it seems that a quiet co-operation agreement between Paris and Ottawa is making it difficult for the Saint-Pierrais to exercise their traditional and finely honed smuggling skills.

There were also dreams of oil and natural gas. Those too have faded as none has been found.

There remains the possibility of bringing in more tourists and a new airport is being built to take airlines big enough to cross the Atlantic.

But there is not all that much to see on two islands of an area of less than 94 square miles.

Saint Pierre and Miquelon is therefore playing the only strong card it has got, its unique quality of being indisputably French in a sea of English speakers and French Canadians.

The local government has built splendid premises on the waterfront for what is called the Francoforum, an institute where all but total beginners can come and perfect their French, staying in French households on immersion courses of a sort which are not available even in Quebec.



are virtually empty; its once busy fish processing factory barely survives as it processes job lots of cod expensively bought in from the Russians.

The Portuguese trawler Adelia Maria of Azeite, has come in for refuelling after two months at sea and it is the only fishing boat of any consequence in port. Carlos Ra, her master, and his crew of 35 are in sombre mood - although there are plenty of Greenland halibut freezing in the holds. "Once there were 25 Portuguese vessels operating around here," says Ra. "There are now hardly five."

The North Atlantic Fisheries Organisation which regulates catches, restricts all ships to a tiny quota and each is obliged to have on board a Naflo observer.

In the bars around the Place du Général de Gaulle there is brave talk of the new money which could be made from the rich fields of scallops and winkles in that

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## TRAVEL

Only 34 years after it rose from the empty valley once hunted by the Ute Indians, Vail, is re-inventing itself. So many changes are taking shape on the mountain and around the base areas that Colorado's fastest developing ski town feels as if it could be about to hold its own winter Olympics.

Indeed, having secured the World Alpine Championships in 1989 - for the second time in a decade - the renaissance is arriving faster and more furiously than it would otherwise have done.

My guide, a ski instructor so popular that he was recently elected Mayor, was the perfect choice to take me on a whistle-stop tour of this brave new world of American skiing.

His blue, black and white uniform just a blur, Bob Armour, Mayor of Vail, sped non-stop down Eagle's Nest Ridge, full tilt down Berries and slipped sweetly into the magic forest.

Before I knew it, we were hurtling down Born Free to the Lionshead Base, and there it was: the Eaglebahn, Vail's newest toy.

This much-trumpeted \$12m gondola and its fortress-like terminal at Eagle's Nest is the main attraction in a \$50m portfolio of developments at America's most influential ski area, where, according to the management: "There has never been a more exciting time, with so much going on at once."

The new gondola, with soft lighting, heating, padded seats for nine and standing room for another three, hand-finished in real cherrywood by monks at a Swiss monastery, will charge up the mountain in seven minutes or so, half the time its predecessor took.

The vast terminus at Eagle's Nest will dominate a floodlit after-hours recreational park with restaurants, night skating, snowboarding and skiing.

At the Golden Peak base, east of Vail village, a \$10m redevelopment is also in progress, including the new Riva Bahn, high-speed quad chair which gives Vail a total of 10 fast chairs, which the resort claims is more than all the rivals in Utah put together.

And just 10 miles or so



A brave new world for Vail: existing facilities will be enhanced by a much-trumpeted \$12m gondola

## Skiing

## Vail re-invented

Arnie Wilson on big-money improvements at the Colorado resort

## A great start around the world

There has been an exceptionally good start to the ski season on both sides of the Atlantic. The Austrians report "more snow than ever before at this time of year" and there have been huge falls, too, in France and Switzerland, writes Arnie Wilson.

At the French resort Vail d'Isère there was so much snow last week that it was "almost impossible to cross the main

west along Interstate 70, the new European-style ski circuit linking Vail's sister resort of Beaver Creek with Arrowhead and the planned Bachelor Gulch development is about to open.

As if all this was not enough, Vail is poised to confirm its takeover of its main rivals, Breckenridge and Keystone in neighbouring Summit County.

Mayor Bob finds this all very exciting; his skiing origins are much more humble. "I learned to ski in Michigan, where the trails can be so icy that if you fired a bullet

into one you could get killed by the ricochets," he said as we headed for Vail's celebrated Back Bowls, where unusually good early snow cover has got the season off to a flying start.

Happily refuelled after lunch, we were tempted by Vail's classic off-piste run down to Minturn, an old (much older than Vail) railway town, once the lettuce capital of the US a few miles from Vail.

The so-called "Minturn Mile" (actually more like three miles) starts with magnificent and quite steep pow-

der fields which eventually filter into a river drainage. This section, down a picturesque track traversing the river bed, was more reminiscent of off-piste skiing in Europe than the US.

Safely down, we liaised with Mayor Bob's wife Mary Lou, a fellow-instructor. The First Lady of Vail had driven to pick us up in the Mayoral truck and we repaired to the local saloon for a celebratory drink.

The bar was festooned with signed pictures of John Wayne, a regular visitor in the early 1970s. Clint Eastwood still drops in from time to time too.

Although John Wayne became famous for wiping out Indians, albeit on celluloid, the people of Vail went cap in hand to a dozen Ute braves when Vail's first big ski season was threatened by an alarming lack of snow 30-odd years ago.

The Lodge at Vail, the resort's oldest and most prestigious hotel, itself undergoing a big expansion, hosted them when they were called to the mountain vil-

lage to perform a snow dance. They danced on the Lodge's deck and later on Vail mountain. After an anxious three days of further sunshine, the much-needed blizzard arrived.

There was no need for such antics during my visit last week as Mayor Bob, joined by Bob Kunkel, the resort's vice-president of marketing, joined me for a romp through almost a foot of fresh powder lying tamplingly on Vail's famous cor-duroy slopes.

"One minute we were cutting the grass, and the kids were outside" said Kunkel. "The next minute it was snowing. We've gone straight from summer to winter. There was no fall."

A fitting start to such an innovative season.

Arnie Wilson stayed at the Orient Express, Lodge Hotel, 174 East Gore Creek Drive, Vail, Colorado 81657, US (tel: 970 4783011). He flew to Denver via Houston with Continental Airlines. Breakfast, Court, Albert Road, Horley, Surrey RG6 7HP (tel: 0800-776464).

## Check-In / Roger Bray

## Budget blues

British chancellor Kenneth Clarke's recent Budget announcement that holiday firms will have to pay 17.5 per cent insurance premium tax has created an absurd contradiction. Consumer campaigners have long criticised travel agencies for demanding that customers buy their policies in return for discounts. But travellers could buy adequate insurance elsewhere for much less.

Recently the director-general of fair trading, John Bridgeman, referred the issue to the Monopolies and Mergers Commission. Like it or not, agents derive a significant slice of their income from the commission they receive for selling insurance, which averages around 40 per cent. From April 1 they - and the tour operators who supply them - will pay 13.5 per cent more tax than brokers not involved in the travel business.

The Association of British Travel Agents reckons this could add \$5-28 to the cost of a typical policy. If correct, the industry will find it very hard to compete. So unless they are to give up selling insurance altogether, travel firms may have to make it compulsory. And that is what the consumer lobby has been trying to stop.

## Starry eyed

The seeds of a starry-eyed tourism have been planted in Albania. But after decades of isolation, old habits there die hard. I accompanied a group of travel industry representatives to Qeparo, which lies on what our local guide optimistically described as the Albanian Riviera. It is less than 30 miles from Saranda, where ferries unload after the crossing from Corfu, but the road is so tortuous that

the drive took 2 1/2 hours. In Qeparo, London-based Eco-Tourism is converting a handsome, 19th century mansion into a guest house with funds from a variety of sources, including the European Union's Phare programme. It is hoped that local entrepreneurs will learn how to build the foundations of environmentally harmonious development and avoid the high-rise lunacy which has gripped much of the Mediterranean coastline.

It is a noble cause but could be an ambitious one. We were two hours late getting back to Saranda. Evidently a missing busload of westerners still arouses suspicions. When we boarded the waiting ferry an official, described as a police officer despite wearing no uniform and an obvious surfeit of alcohol, refused to clear it for departure.

After a tense delay and unsubstantiated suggestions that dollars might do the trick, he marched on to the deck, raised an arm in salute, confused French and Greek with a shout of "Vive la democratie!" - and waved us on our way.

## Fuel for thought

Americans travelling to London may need to dig a little deeper into their bank accounts. Soaring aviation fuel prices threaten higher air fares, while the strength of sterling against the dollar has pushed costs up when they arrive.

Britons heading in the opposite direction should find that what they lose on the swings, they gain on the roundabouts. Airlines pay for fuel in dollars, and worldwide fuel prices have risen by 30-40 per cent recently. The oil-for-food agreement with Iraq brought them down a little this week but a cold winter could wipe out the benefit, because oil which

could be used to power aircraft would be used for heating. The pound has not strengthened enough to compensate. Its impact on hotel bills and other ground costs, however, should be more than enough to help tour firms hold down package holiday prices.

This does not apply only to the US. In recent weeks the pound has been worth around 10 per cent more Spanish pesetas than when the big players priced next year's holidays. With summer bookings reckoned to be around 25 per cent ahead of the total achieved by the end of 1995, operators appear to be sitting pretty. They may even have a little leeway for price cuts if the peak January booking period proves sluggish.

## Haitian dreams

Haiti, emerging from a long, dark night of oppression and unrest, hopes to get the ball rolling on its new tourism industry by opening a chain of subbergs or small inns.

Many exist already. They are pretty houses, sometimes painted green and white, with louvered windows, delicate "gingerbread" trim beneath the eaves, and pillared balconies. "This is a very realistic part of the development programme," says Suzanne Seitz, Haiti's tourism adviser.

Seitz is eminently qualified to judge. Her late husband was the model for Brown, central character in Graham Greene's novel *The Comedians*, set under the dictatorship of Papa Doc and his Tonton Macoute. Together, they ran Oloffson's Hotel, which Greene called the Trianon. "Some of these places are on the coast, some inland. There are probably about 20 of them at the moment. They offer simple living and a chance to integrate with the people."

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Weekend FT



## FOOD AND DRINK

## The world of the red wine drinker

Jancis Robinson looks at the value for money which lucky British wine buyers can enjoy over Christmas and the new year

**A**s with last week's whites, Argentina is this year's exciting new entrant with a wide range of well-priced reds. Australia is back in the picture, although \$7 probably buys best value. Portugal is now a source of particularly juicy fruit and South African red winemaking, which will be reviewed in detail next month, is coming on apace. (Thresher group means Thresher, Wine Rack and Bottoms Up.)

## ITALY

Cardillo Rosso di Sicilia 1995 £2.49 Marks & Spencer. Juicy southerner in which the ingredient X is the Nero d'Avola grape grown at relatively high altitude.

Biferno 1994 Campo Marino £2.79 Sainsbury's. £2.90 Oddbins. A very modern, soft, "international" styling of the Montepulciano grape from a revitalised winery.

Montepulciano d'Abruzzo 1994 Umami Ronchi £2.75 Waitrose. £3.79 from Greenalls Wine Cellar. £4.19 Thresher group. Antinori's Ambitione grise. Giacomo Tachis has put guts but no alcoholic burn in this blend.

Salice Salentino Riserva 1993 Taurino £5.45 Waitrose. Many deep southern Italian reds seem to have been losing their grip but this Negroamaro matured in French oak is excellent. Dangerously alcoholic but ultimately well-balanced.

Vigneto Le Contessine Rosso, Le Macchiole, Bolgheri 1994 £7.50 Lea & Sandeman of London W8, SW10 and SW15. Quintessentially, chewily Italian from the ultra chic Tuscan coastal birthplace of Sassicaia et al.

Chianti Classico 1994 Fattoria Valtellina £11.95 Martinez Fine Wines of Yorkshire. Very promising new estate. Deep, rich, resonant flavours; ambitious to the last drop. For drinking over the next three years, strictly with food.

## PORTUGAL

Safeway Ribatejo 1995 Jose Ramos £2.99. Jose Ramos blends from three estates to make this low acid, sprightly dry wine that looks and tastes like steeped damsons.

Jose Neiva Estremadura 1994 £2.59 Kwiksave. Oaked rich red, with unexpected depth of flavour for the money. Save £2 on six.

Borba 1995 Tesco, Unwins £2.69. From the Borba co-op, a fruity, rich, lively wine.

Bright Bros Old Vine Estremadura 1994 £3.79 Asda. Another bargain from coastal vineyards north of Lisbon. Good concentration and a nice dry finish.

Campo Dos Frades Cabernet Sauvignon 1995 £3.99 Tesco. This wine from Peter Bright seems to have far more to do with its Ribatejo origins than the grape variety specified on the label.

Bright Bros Douro Red 24.99 Thresher group. Deep purple, dense, peppery, dry port.

Vale do Bomfim Reserva 1990 Douro £5.55 Waitrose. Only another 36p for five years' maturity.

Palha-Canas 1995 Estremadura £5.49 Unwins. Bentalls of Kingston. Elegant packaging and ambitious winemaking. Needs air.

Quinta do Crasto Reserva 1994 £7.50 Adnams of Southwold, Oddbins. Exciting, dense, a bit like a volcano on the point of erupting.

## SPAIN

Camporel Tinto 1995 Somontano £3.25 Waitrose.

Blend of structured Tempranillo and hedonistic, rare Graciano from the Pyrenean foothills. Lovely smudgy, smoky edge. Very fresh.

Sainsbury's Jamilla 23.66. Terrible label but much-improved blend of Monastrell and Merlot. Now "only" 13 per cent alcohol. Drink young, possibly slightly chilled.

Safeway oak aged Valdepeñas Reserva 1991 £3.99. Fresh, lively, racy.

Cosme Palacio Rioja 1994 £5.75 Waitrose. Very French structure and good quality oak. Not as concentrated as Sainsbury's offering below but certainly as good value.

Valdeorras 1994 £5.95 Laymont & Shaw of Truro. The juicy local Mencía grape from inland Galicia, for current drinking.

Sainsbury's Classic Selection Rioja Reserva 1990 £7.45. Very impressive wine from the Baron de Oña estate bought last year by La Rioja Alta. Two years in French oak have given ripe Tempranillo fruit a sweet spiciness and satin texture.

Condado de Haza 1994 Ribera del Duero £7.99 Oddbins. Ambitious second vintage from Pasquera owner's new estate carved out of the rocky heights of this fashionable region. Too tough to enjoy yet but worth cellar-ing.

## LANGUEDOC ROUSSILLON

A very useful source of value described in detail last month.

Fitou 1993 Domaine du Tauch £4.99 Marks & Spencer. Lively oaked, concentrated wine from the recently revived co-op.

Mas Cal Demoura 1994 £6.99 Oddbins. Sweet, full, round yet concentrated Coteaux du Languedoc from Olivier Julien. For drinking over the next two or three years.

Grand Olivette 1995 Domaine de la Jasse £6.99 Oddbins. Impressive oaked Vin de Pays from the foothills of the Cévennes above Nîmes, arriving soon.

**SOUTH AMERICA**  
As grape-hungry North Americans plunder Chile's bulk wine market, Britons have been exploring the rest of the continent. The Catena group has revitalised the quality of exports from Argentina. And Portugal-based Australian Peter Bright has been doing some good things in Argentina's biggest winery.

Safeway Mendoza Red 23.99. Blended Malbec and Sangiovese from the lower echelons of Catena.

Sainsbury's Mendoza Country Red £3.99. Peter Bright put pressure on Penafior's cooling system to produce juicy almost-sweetness.

Andersen Vineyards Merlot/Malbec 1996 £3.49 Safeway. Rich, flattering, vibrant, very young. From the same source as the Sainsbury's wine above. Mix and match.

Libertad Sangiovese/Malbec £3.49 Fullers and Bibendum of London NW1. Well-priced firm, dry blend from Catena again.

La Isla Negra Tempranillo 1996 £3.85 Waitrose. The exuberant appeal of youth. Peter Bright this time.

La Isla Negra 1995 £3.99 Fullers, Waitrose, Oddbins. Direct, appetising Chilean Cabernet from a single vineyard that will not necessarily always be so.

La Palma Merlot 1996 £3.99 Oddbins. Heaven knows how they hid this La



Rosa wine from Merlot-thirty scouts from California. French build and Chilean sunshine.

Las Colinas Merlot 1996 £3.99 Thresher group. Very young but sweetly charming from the new regime at the Tocornal winery. Buy two save £1 until Jan 2.

Pacific Peak Uruguayan Tannat/Merlot 1996 £3.99 Tesco. Exceptionally deep colour (thanks to the thick-skinned Tannat of Madiran presumably) and fresh, clean, lively fruit with a fair whack of acidity but the best of Tesco's Latin American experiments.

Santa Ines Cabernet/Merlot 1995 £3.99 Fullers. Good value. Bigger Tesco have the 1996 at £3.71.

Valdivieso Merlot and Cabernet Sauvignon 1996 £4.95 and £4.39 respectively from Sainsbury's in January. Definitely worth looking out for. Luscious.

Carta Vieja Antigua Cabernet Sauvignon 1994 £4.99. Oddbins. Almost florally scented, mature (as opposed to Majestic's 1993 which is riding out fast).

Norton Cabernet 1996 £4.99 Oddbins. Lively, punchy, concentrated young Argentine with a hint of gunpowder. May not make it on to shelves before Christmas.

Valdivieso Cabernet Sauvignon Reserva 1994 £5.99 Fullers. Very flattering crisp, delicate Chilean fruit and toasty oak.

Casa Lapostolle Merlot 1995 £5.99 Fullers. Heady, full, gorgeous Chilean. See below too.

Norton Privada 1994 £6.99 Oddbins. Very impressive, almost Italianate blend at the top of Norton's range which, one suspects, will cost more in the future. Arriving soon.

Casa Lapostolle Cuvee Alexandre Merlot 1995 £2.99 Oddbins. Silky, top quality, very professional.

Catena Malbec 1994 £6.99 Fullers, Bibendum of London NW1. Exceptional Argentine with the plumpness of Malbec and top quality oak.

Waitrose Special Reserve Claret 1994 £4.49. Leafy, lightweight but crunchy and respectable Cotes de Castillon. Old-fashioned luncheon claret?

Les Hauts de Godelane 1996 £4.99 Thresher group. Fresh, chewy, appetising.

Ch La Mothe du Barry 1994 Bordeaux Joel Duffin £5.95 Lea & Sandeman (see above). Beautifully managed tannins.

Ch de Beaulieu 1992 Cotes du Marmandais £6.99 Greenalls. Wine Cellar Lively, true, well balanced, appetising country claret with far more depth of flavour than most standard issue Bordeaux. Flying Hugh Ryanman from a fine grower in Cotes.

Ch Cap de Fongères 1993 £7.50 Thresher group. Flashy, fleshy Cotes de Castillon, quite ready to drink with much more concentration than average for this vintage.

Madiran Cuvee Charles de Batz 1990 Berthomieu £3.50 Gelston Castle (0171-621 6841 and 01556-503012). All the velvety texture of a Bordeaux '90 with the stately majesty, and lower prices, of Madiran.

Ch Croix-Beaudouin 1990 £9.25 Gelston Castle. Big, bloody, full and ready-to-drink oaked Montagne St Emilion.

Ch Sergeant 1990 Lalande de Pomerol £9.95 Waitrose. Almost a pastiche of Pomerol, this wine is so big, gamey and full.

Ch La Vieille Cure 1990 Pomerol £10.95 top 70 Sainsbury's. That lovely '90 openness in both smell and texture. The fruits of partnership purchasing.

Ch Lannesson 1989 £13.95 44 Sainsbury's and £12.99 at bigger Asdas. Harmonious already, well balanced and smooth.

Mondot 1993 St Emilion £13.49 Wine Rack, Bottoms Up. Second wine of top performer Troplong Mondot. Gamey, chewy, serious stuff for drinking over the next two years. At £13.99 from the same stores Le Cadet de Lannesson 1993, another top St Emilion second label, is even more fleshy.

Ch Corbin-Michotte 1996 St Emilion £19.99 Majestic. Cocktail of minerals and velvet. Considerable substance here and a real beginning, middle and end to the experience of tasting it.

Lirac 1994 Ch d'Aqueria £6.39 Majestic. Impressive. Game, herbs and lots of sunshine. £6.99 from Jan 7.

Gigondas 1994 Domaine Sainte Lucie £6.95 Waitrose. Very good depth and left on this ripe, spicy wine made smoother than many of its neighbours by the wine-maker from South Africa's Avontuur estate.

Domaine Cote de la Mire 1995 Cotes du Rhone £6.95 Adnams of Southwold. Meaty, substantial wine with a future.

Cepage Syrah 1994 Jean Lionnet 1994 £7.99 Oddbins. Archetypal northern Rhone from a fine grower in Cotes.

To be kept for a couple of years ideally.

Crozes Hermitage Les Jallots 1994 Paul Jaboulet £7.99 Oddbins and top 30 Sainsbury's. Textbook density with a slightly salty edge. For drinking over the next four years.

Crozes Hermitage 1994 Jacques Frelin £7.99 Safeway. Particularly round organic Crozes. Salty smooth like peanut butter.

St Joseph La Grande Pommee 1994 £8.99 Oddbins and top 70 Sainsbury's. Very correct dry sturdy stuff for current drinking.

St Joseph 1991 Jean Marianne £10 Gelston Castle.

1994 £10.99 Thresher. Decent value for this chunky example from Martinborough, New Zealand's Cote de Nulia.

Savigny-les-Beaune 1991 Maillard £11.29 bin end Wine Rack. Perfect for turkey. Gentle, caressing red burgundy with real length.

Wignalls Pinot Noir 1993 King River £13.50 Berry Bros & Rudd of London SW1. Beechroot and veg from Western Australia. Lively, stuff for drinking now.

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Morey St Denis Domaine Arland 1992 £13.99 Fullers. Chewy oak tannins evident but full and rich.

Vosne Romanée 1994 bottled "par" Domaine Bertagna £15.95 top Sainsbury's. Correct and scented. Delicate and atypical but fine.

Beaune Premier Cru Les Cuvés Vignes 1990 Morot £15.99 Majestic. Licorice, sweet fruit, hedonistic but enough texture to demand food. Ready.

Ata Rangl Pinot Noir 1995 £16.95 Frank Stinton of Kendal, Oddbins Fine Wine £17.49, £18.95 Robersons of London W8, £19.65 Berry Bros & Rudd, £145 a dozen in bond, Farr Vintners of London SW1. Justifiably much-decorated New Zealand; it even impressed on the Australian show circuit.

Vosne Romanée 1992 Confuron-Cottet £17.50 Gelston Castle (see above). Like macerated griothe cherries. Very exotic, rich and lively. Their Chambolle-Musigny at £19.25 is also delicious and has a longer future.

Nuits-St-Georges Premier Cru Aux Chaignots 1991 Cheillon £18.99 Majestic. Meaty, much more structure and future than Majestic's Beaune. For this Christmas dinner or next.

Calera Jensen Pinot Noir 1993 Mount Harlan £29.99 Majestic. Very voluptuous flavours yet delicate notes too. Dancing on mountain tops with alcohol underneath, say my notes.

**AUSTRALIA**  
Bushman's Crossing 1996 £3.45 Waitrose. Spicy, sweet, perfumed Rhôneish blend.

Peter Lehmann Barossa Grenache 1995 £4.49 Fullers. Sweet, juicy, full and round. Best's Victorian Shiraz 1995 £6.49 Fullers. Sweet.

Continued on Page XIV

1994 £10.99 Thresher. Decent value for this chunky example from Martinborough, New Zealand's Cote de Nulia.

Savigny-les-Beaune 1991 Maillard £11.29 bin end Wine Rack. Perfect for turkey. Gentle, caressing red burgundy with real length.

Wignalls Pinot Noir 1993 King River £13.50 Berry Bros & Rudd of London SW1. Beechroot and veg from Western Australia. Lively, stuff for drinking now.

Morey St Denis Domaine Arland 1992 £13.99 Fullers. Chewy oak tannins evident but full and rich.

Vosne Romanée 1994 bottled "par" Domaine Bertagna £15.95 top Sainsbury's. Correct and scented. Delicate and atypical but fine.

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Continued on Page XIV

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## FOOD AND DRINK

## A lazy cook's Christmas treat

Philippa Davenport is planning to spend as little time as possible in the kitchen

Christmas is for children, so it is said. But as more young couples delay having offspring, and as more retired people decide to winter abroad, the chances of escaping ritual suffocation in the bosom of an extended family Christmas look brighter.

When two or three like-minded couples gather together at this season with no juveniles in tow, there is every reason, surely, to abandon the set-piece menus in which we seem to have become trapped, and to forego the workload. No dawn raid needed to stuff an outside bird, no unreasonable number of semi-obligatory trimmings to squeeze into the oven, no mountains of washing up leading to total loss of goodwill.

Let Christmas be celebrated as a holy day and holiday, a memorable feast free from kitchen tyranny with delicious foods and plenty of

time off for the cook. That is my aim for a grown-up Christmas this year.

The easiest treats are those that involve no cooking. But some hot food is always appreciated at winter meals. Besides, a little personal input is quite fun. A mixture of some no-cook dishes and some that are quick and straightforward is probably best.

Several simple festive menus could easily be built around goodies ordered from The Clark Trading Company, a fine food delivery service that carries a broader range than most.

Clark's list includes London cure smoked salmon, smoked sturgeon and Iranian caviar for classic appetisers. Serve them simply with lemon or use them to top blinis or tender savoury drop scones dolloped with sour cream. Other fishy treats that go well with blinis are smoked sel (nothing beats Brown & Forrester's) and cold smoked trout (the

best comes from Mere Farm).

Clark's Peperoncini farciti makes a more unusual choice: bite-sized medium-hot red peppers from Liguria stuffed with salt anchovy fillets and whole capers. These are delicious *barnes bouches* in their own right.

Also worth asking for are *pimientos del piquillo*, char-grilled and peeled red peppers from Navarra. These form the basis for luscious almost instant salads when slurred with olive oil, squeezed with lemon, sprinkled with Maldon salt, scattered with torn basil leaves and maybe a handful of peeled prawns.

For sizzling hot meals, consider Clark's confit de canard, cooked duck legs preserved in their own fat and tinned. It takes only a few minutes to lift the joints from the fat and fry, grill or bake them to crisp the skin and thoroughly reheat the flesh.

Use the reserved fat to

sauté potatoes or fry rosti to slip under the duck joints.

Serve a bitter leaf salad on the side and maybe a little *mostarda di Voghera* made with figs (stocked by Clark) for a lively side-kick.

For lighter and faster dishes you might choose Spina

rice and dried porcini? (The pasta, rice and fungi are all on Clark's list.)

Available daily from Grill St Quentin in Knightsbridge, London, are seafood platters (comprising oysters, langoustines, crab and winkles) and terrine of *foie gras de canard*, made by chef Nigel Davies, vacuum-packed in a block or in 70g slices. The seafoods should be eaten within hours of collection. If carried home in a cool bag, the *foie gras* will keep for up to a week in a fridge.

Hot freshly fried *asse gras* served with, say, gently warmed grapes, toasted brioche and a few salad leaves, is my idea of the ultimate fast food. Londoners can buy the raw lobes (and a great many other gourmet treats) from The House of Albert Roux. Teesdale Trencher-man deliver nationwide.

If you pine for a little poultry consider guinea fowl. The legs rubbed with toasted and crushed cumin and coriander seed, olive oil and



noel pasta, the eggliest, bounciest brand there is, it cooks in the twinkling of an eye, and is arguably best when simply dressed with butter, Parmigiano and a few snipped fresh herbs. Or how about a fragrant risotto conjured up from Camaroli

## Useful addresses

Clark Trading Company  
The last date for orders for delivery before Christmas is December 16. Tel 0181-237 9937

Brown & Forrester  
01452-221520

Moss Fish Farm  
01747-360061

Grill St Quentin 0771-051 8317

House of Albert Roux  
01753-33337

Teesdale Trencher-man  
01833-033370

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The Fish Maidens by C J Archer, now showing at the Feast of Food in Art exhibition at Llewellyn Alexander's Gallery, The Cut, London SE1 until January 4 (0171-620 1322)

## Costly catch that's reeling in the clients

Nicholas Lander looks at restaurants answering the growing demand for high quality fish

It's no fish you're buying - it's men's lives.

Mr Walter Scott's observation, made 300 years ago after a visit to the islands off north-west Scotland, is equally pertinent today.

Chefs and restaurateurs are only too aware of the perils involved in supplying fish to their customers. Once, when I was a London restaurateur, the weekly

delivery of scallops from the west of Scotland failed to arrive. Two of the divers had failed to return from a fishing trip.

The price of a good catch is still high. Yet the quality of fish in London restaurants is better than ever, particularly sea bass, cod, halibut and sole. Shellfish - mussels, scallops, oysters and langoustines - seem to be tastier too - possibly because the transport conditions are so improved. Con-

sequently, London's fish restaurants are on the up. They may lack the culinary finesse of New York's Le Bernardin and Oceano, or San Francisco's Aqua, but they are offering more to a wider clientele. Here is my pick of the catch.

## For the committed fish eater

Nothing marks the renaissance of fish appreciation and adventurous eating in London more than the success of Livebait in SE1. Opened 15 months ago as a 30-seater restaurant on a budget of £30,000, it has already doubled in size. A wet fish shop has been added to the restaurant.

Seating is tight, the wine list and tea-making slightly disappointing, but the shellfish are wonderful.

Fish combinations are stunning. Seared diver-caught king scallops with melon chilli jam; steamed sea bass in Chinese leaf with a sweet potato, yam and coconut dauphinoise; grill with *zhug*, a Lebanese green chilli spread; and *spanakopita*, a Greek spinach, leek and feta spring roll.

Jason's is west London's riposte on the edge of Regent's Canal. Walk in and you encounter a wide cold cabinet stuffed with large red snapper, king fish and vacuums, flown in from the Indian Ocean.

In what must be one of the finest professional kitchens, Sylvain Ho Wing Chung, the Mauritain chef, delivers precisely what lovers of spicy fish dishes would want. His

clear bouillon of crab, with an entire crab cracked and lying at the bottom of the bowl, was one of my dishes of the year.

## For romantic fish eaters

Wilton's has its admirers but I just find its prices too high.

More interesting, I believe, is the redesign of Scotts which has managed to retain its former elegance in the process of assuming a lighter, more modern feel.

Oysters are served every which way, including truffled. Traditional London smoked salmon is available and, less conservatively, a salad of pan fried herring roe with a cider dressing is included in the list of starters. Main courses were impressive; precisely roasted skate wing with horseradish

and better-than-average smoked and fresh haddock fishcakes. Scotts needs time to convince fully.

Time seems to have stood still at the Poissonnerie de l'Avenue. In spite of a modern glass and chrome door, it is still wood panelled with a lobster motif on the carpet. It is thoroughly French in atmosphere, down to a 15 per cent charge for lacklustre service.

Much higher is the quality of the cooking manifest in first courses of a gratinated spinach and crab tart and sautéed squid with red and yellow peppers and olive oil.

## For the shoal of fish eaters

Bank and Mandarin Kitchen, maximally and minimally designed respectively, are most suitable for parties

of six or more because the best way to combat their inherently high noise levels is to create your own at a large table.

Bank has strong, albeit well concealed, fish connections via its major investor, Tony Allan, whose business, Cutty Catering, supplies London's restaurants with £15m worth of fresh fish a year.

Fish soup was as robust as the seared rare tuna, tomato and ginger was delicate. Main courses range from fish, chips and mushy peas to wok-fried lobster with Thai spices and noodles. Best of all were the novel flavours imparted to a roast fillet of cod coated with pesto and sitting on a thick layer of hummus.

Teething problems remain with the positioning of tables and chairs and, on certain dishes, with

the price/content ratio.

Mandarin Kitchen's cooking impressed everyone, including a knowledgeable Chinese guest and only a moderately enthusiastic fish-eater. Part of its success was undoubtedly due to the waitress's sense of timing in bringing, sequentially, crispy squid with a sweet and sour dip; a fragrant pot of crab with garlic, ginger and vermicelli; a perfectly steamed whole boned sea bass with Chinese greens and a Chinese dish of sea cucumber and sea slug.

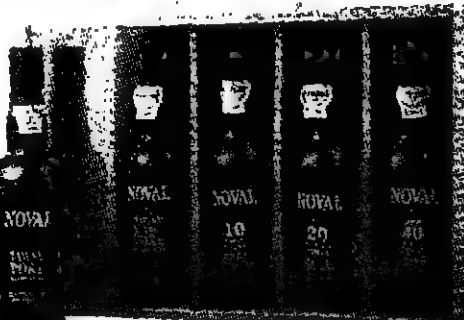
Such is this restaurant's reputation that, in spite of its lack of glamour and almost imperceptible welcome, it is packed, particularly between 6pm and 9pm. The low, arched ceiling amplifies diners' conversation and the shouts between the bustling staff. Lunch is quieter. It is particularly

useful for large parties who can be accommodated on round tables and take full advantage of the four differently priced set menus.

On two of these restaurants' menus I saw phrases I had never seen before. La Poissonnerie declares "Food guides and press reviews are often misleading, the real judgment is yours!" while the Mandarin Kitchen's menu ends with the words "All prices are subject" with the rest of the sentence blotted out. Presumably there, as on all fish restaurants' menus, it should read "All prices are subject to the boats coming back safely!"

Livebait, SE1, 0171-222 7211; Jason's, W8, 0171-629 5242; La Poissonnerie de l'Avenue, SW3, 0171-529 3457; Bank, WC1, 0171-379 9797; Mandarin Kitchen, W2, 0171-727 9012.

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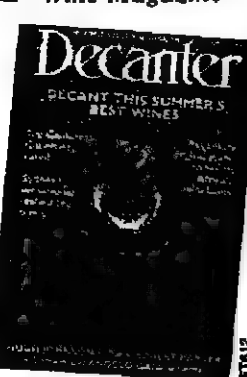
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## Red wines for festive drinking

Continued from Page XIII

full, beguiling with lots of natural acidity and texture from Lake Boga in the high north west of the state.

Peter Lehmann Clancy's (and Cabernet Sauvignon) 1994 £6.99 Oddbins. Both these wines are very competently made, the Shiraz and Bordeaux-grape blend Clancy's tasting almost molten.

Tatachilla Merlot 1994 £6.99 Waitrose only. Very rich indeed, with 13.5 per cent alcohol, quite a bit of new oak. A definitively Australian take on this increasingly fashionable grape.

Leasingham Domaine Shiraz 1994 £6.99 Tesco. Exceptionally deep colour. Sweet, fresh, gentle with a nice undertow of bitter chocolate and a minty end.

Wirra Wirra Original Blend 1995 (Grenache/Shiraz) £7.49 Oddbins. Very fruity. Good value. Fine winemaking.

Wynds Cooonawarra 1991 Cabernet Sauvignon £7.95 in bigger Sainsbury's. Excellent vintage and delightfully balanced wine which has not risen in price for three years. D'Arenberg The Custodian Grenache 1995 £7.99 Oddbins. Sweet, chewy fruit

from McLaren Vale. When do all these Australians sit down and think of all these "The" names?

Heritage Cabernet Franc 1993 £7.99 Thesaur group. Bramble stew complete with mineral undertow. Does nothing for Clancy's reputation as a cool region, but very delicious.

Ch Keynella Basket Pressed Shiraz 1994 £7.99 Asda. Waitrose. Old McLaren Vale fruit, turned into a treacle- and liniment-scented tincture by the most old-fashioned methods. What a whopper.

Chapel Hill Shiraz 1993 McLaren Vale £8.99, 175 Tesco. Lots of soft, round, tomato-flavoured traces of barrel fermentation. Chapel Hill winemaking on top form.

D'Arenberg Ironstone Pressings 1995 £8.99 Oddbins. Dense, lively blend of Shiraz and Grenache from McLaren Vale.



# Where has all the magic gone?

Antony Thorncroft on why panto is in need of a fairy godmother

Is it possible, could it happen, that Cinderella will never again go to the ball; that Aladdin will forget to rub the lamp; that Dick Whittington will not turn back to London? Perhaps not, but suddenly the future of pantomime looks a little sticky.

Last year one major panto, *Aladdin* at the Palace Theatre in Manchester, closed early; two minor producers went bankrupt; and bookings generally did not quite reach expectations. Some panto even failed to cover their costs. Pantomime had been immune from the malaise which has cut back audiences at the regional theatre in recent years but rival Christmas attractions, notably blockbuster family films and alternative children's shows, plus failings at the heart of panto land, have sent a shiver through the theatre.

For panto is vitally important. Not only does a sell-out panto season underwrite challenging and unpopular productions at regional theatres during the rest of the year, but it also gives many people, especially children, their first taste of the theatre. On top of that it is a quintessentially British art form, combining robust traditional roots in terms of plots, characters and routines, with contemporary references and performers. It is always evolving along well-loved grooves.

And that is the root of the problem. Where are today's panto stars? Panto has always lived off variety, and variety is virtually dead, shunned by television and lingering fitfully at the end of the pier in summer shows. Pantomime has always adapted to the times which has successfully meant that pop stars, soap stars, sports stars and, most recently, such passing TV fads as *Gladiators*, have assumed the famous roles once dominated by variety artists. Many have proved inadequate, their inexperience on stage sinking their box-office appeal to producers and punters. The older panto pros felt uncon-

fortable performing with the over-paid imposters. Significantly this Christmas one of the great embodiment of the tradition, Roy Hudd, is taking a break from the boards.

Not only is panto facing a crisis in casting some of the most famous traditional panto roles could soon disappear, following *Goody Two Shoes*, *Sinbad the Sailor* and *Ali Baba* into oblivion. Producer Kevin Wood is servicing five theatres in the south east with panto, including a *Cinderella* at the Marlborough in Canterbury which will have new costumes and sets. They will cost over £100,000 but Wood will recoup the investment over the next five years.

But he would not consider putting an equivalent sum behind a new *Mother Goose*, a more uncertain box office attraction. Like other panto producers he knows that the public is becoming more selective in its bookings, which means that in a few years time, *Mother Goose*, with its star role for a Dame, in itself an endangered species, will become virtually extinct. Wood reckons that only *Cinderella*, *Peter Pan*, and *Snow White* are now sure fire winners - and only because children know them through the Walt Disney screen versions.

There is another way of selling tickets - recruiting a hot television personality, preferably a star of *Eastenders*, in the leading role. A few years ago plane-loads of actors from Australian soaps such as *Home and Away* and *Neighbours* found themselves spending Christmas in some English provincial city. Now the popularity of such soaps has faded, *Coronation Street* does not allow its actors to take on panto work. *Eastenders* is more tolerant, and current and former habitués of Albert Square litter the panto cast-lists this Christmas.

Wood is certain to sell out his *Cinderella* because he has Mar-



'Beauty and the Beast' at Stratford East, a production which has no truck with TV stars, unlike other productions which are littered with habitués of Albert Square

time McCutcheon, Tiffany from *Eastenders*, in the title role. Over in Dartford at the Orchard, *Eastenders* star Michelle Collins is looking for Dick in *Dick Whittington*, with veteran comedian Ted Rogers cast as Idle Jack to appeal to the grandparents, whose custom is as crucial as the kids, while yet another former *Eastender*, Anita Dobson, is the Wicked Queen in *Snow White* at Guildford.

And so it goes on. In Bath, Bianca, or rather Patsy Palmer, is offering her *Cinderella*, bolstered by Derek Nimmo and Bella Emberg, while at the Cambridge Corn Exchange there is Ross Kemp in *Peter Pan*; at the revitalised Hackney Empire Paul Bradley is tangling with *Goldilocks*; and in Torquay, Michael Tudor Barnes is *Aladdin*. This dependence on soap stars, who are often expected to absorb the spirit of panto with just a few weeks rehearsal, shows some lack of imagination among panto producers.

Another sign of the uncertainty in pantoland is the decision of the Apollo group to only put on one panto this Christmas

- *Jack and the Beanstalk* at the Northampton Dergate, with the children's TV personality Simeon Courtie. His other theatres are leased out for alternative Christmas shows, like Harry Secombe's *Pickwick* at Oxford, or to independent panto producers, most notably Jim Davidson, who is investing £500,000 in a brand new *Dick Whittington* at the Hippodrome in Bristol.

This should be the panto event of the season, with lasers and erupting volcanoes attempting to give a traditional panto a modern high tech gloss. Aimed at a family audience it will be a world away from Davidson's most celebrated brush with panto, an adult version of what was billed as *Sinbad*. Davidson will play Jack.

The only rival in terms of grand new effects will be *Mother Goose* at the Birmingham Hippodrome, with Matthew Kelly and the Chuckle Brothers. This is panto king Paul Elliott's one totally new production, costing over £500,000. Much of the money will be invested in startling illusions and among the cast will be a Power Ranger, this year's successors to *Gladiators* - who still

feature in some panto, but who seem to have lost some of their appeal. Power Rangers are another TV spin-off but have the attraction of being masked - no star casting needed here.

Elliott once again dominates the panto scene, bolstered with sponsorship from Cadbury's. In all he is presenting 33 panto. So far bookings are in line with last year, with much depending on the attraction of the principals. One panto which will be sold out is *Cinderella* at Woking with such old TV pros as Gary Wilmot, Rolf Harris and Judy Cornwell, plus Robin Cousins performing an ice sequence. There should be few problems at Southampton where *Snow White* is helped along by Lionel Blair, Britt Ekland, John Inman, Kris Akabusi and Mr Blobby, just the kind of cross-generational casting that producers drool over.

Other panto with potential are *Aladdin* at Sheffield, with Danny la Rue once again heaving his bosoms as Widow Twankey; *Robin Hood* at Wimbledon, with

Paul Nicholas bolstered by Tudor Davies, Hope & Keen, and yet another Power Ranger; *Dick Whittington* at Plymouth, with old troupers Nicholas Parsons, Jeffrey Holland, Lesley Joseph and John Nettles; another *Dick* at the newly re-opened Arts at Cambridge with Barry Cryer as the Dame; and an *Aladdin* at Richmond, which involves Bonnie Langford and Bernard Cribbins. Russ Abbot should help fill the Theatre Royal Nottingham with *Peter Pan*, while Bobby Davro and Dora Bryan make an intriguingly odd coupling in Chichester's *Cinderella*.

Of course there are dozens of local panto where producers hope that a topical script and some special effects will make good the absence of big TV names. The Theatre Royal at Stratford, for example, which this year is presenting *Beauty and the Beast*, has a black and Asian hero and heroine to reflect the community - and no truck with TV. Often these panto work better than the big city entertainments where stars just give their TV characters and ride rough-shod over the script.

Pantomime attempts an all but impossible task - to keep young children enthralled while offering something to divert the adults. These days the children are indulged more than their parents and the era of blue jokes, female principal boys and salty Dames are almost over. Panto has become politically correct. This matters less, perhaps, than the fact that too often it looks like a quickly assembled improvisation over a familiar theme with a tired script, and *carré blanc* for the stars. But at its best, when it combines wonderful stories with amazing effects, lively performers with ambivalent sexuality, one or two old pros who know how to milk every scene, then panto can provide a brilliant entertainment. Some panto this Christmas will achieve this magic mix: many will feature inexperienced TV actors trying to broaden their range at the expense of the audiences, with scripts that have been thrown together during rehearsal and costumes and scenery which will have seen many years' service. The panto tradition deserves better.

## Classical Recordings in 1996

# The year the novelties ran out

This was the year that the classical record industry acknowledged it was facing a crisis of Wagnerian proportions. It may be good news for record-buyers that there are more companies releasing more recordings by more artists than ever before, but the industry sees itself as heading for its own *Götterdämmerung*.

So what went wrong? In short, the heavy years of the 1980s produced expectations that the 1990s have been unable to fulfil. The arrival of the CD initially produced a boom in sales as record-buyers renewed their collections on the new high-quality format, but the very destructibility of the CD has proved its downfall in the classical market. Why spend good money on a young conductor trying his hand at the Beethoven symphonies when you can buy the great conductors of the past in refurbished CD sound at a fraction of the price?

At first the industry responded like its pop music counterpart, rushing off in a desperate search for novelties which would be top-of-the-pops one night, forgotten the next. Many of them can be found on the shelves of the second-hand shops by now - Nigel Kennedy's *The Four Seasons*, Górecki's Third Symphony, the singing monks, and on the top shelf a teenage-girl violinist in her wet swimsuit.

But in 1996 the novelties ran out. The truth of falling sales in the traditional repertoire could no longer be hidden and the "big five" major companies - Polygram, EMI, Warner, BMG and Sony - started to move *allegro con spirito* towards restructuring.

Some of the top orchestras and conductors who had become accustomed to lavish contracts (the private jet to fly maestro home at the weekend could be summoned with a flick of his baton) are being faced with the hard realities of the balance sheet. There has been an off-loading of the middle-ranking international orchestras, such as Cleveland and Philadelphia, not to mention the poor London orchestras.

There has also been rationalisation. During the course of the year BMG (part of the German Bertelsmann group) acquired the independent Conifer - and Polygram bought Gimell, the recording outlet of the Tallis Scholars. The trouble is that most

smaller companies are owned by people who are in the business because they love it and do not want to sell.

The dilemma took centre-stage at the Gramophone awards ceremony, the classical industry's star-studded annual get-together. "Record of the Year" went to Ted Perry's Hyperion, an independent company bursting with imagination, which keeps its standards high and its costs low. The disc was an exciting coupling of piano concertos by Sauer and Scharwenka (Hyperion CDA 68700), played with scintillating bravura by Stephen Rough. "I told the conductor, Lawrence Foster, there wouldn't be much money in it," Rough told the packed Savoy ballroom. "but he said he didn't care, as long as he got the train fare to Birmingham".

The awards were a splendid showcase for the diversity of music being recorded these days. An inspired performance of Handel's *Alcinaide* (Hyperion CDA 68700), played with scintillating bravura by Stephen Rough. "I told the conductor, Lawrence Foster, there wouldn't be much money in it," Rough told the packed Savoy ballroom. "but he said he didn't care, as long as he got the train fare to Birmingham".

The choral award went to John Eliot Gardiner for his disc devoted to songs and dancing ballads by Percy Grainger (Philips 446 687-2). (When has there not been an award for Gardiner, one of the few conductors who is a sure-fire seller these days?) As record-buyers get more adventurous, composers like the eccentric Grainger are coming into the picture. Chandos has already made a start on a wide-ranging Grainger series, which is expected to take up to 25 CDs. Among other exciting

projects are Collins Classics's English song series, which made an auspicious start with a collection of Vaughan Williams songs (Collins Classics 1488-2) and Sony's forthcoming major series devoted to the music of György Ligeti.

The "Entartete Musik" series continues to provide Decca with fascinating additions to its catalogue of music forbidden by the

While conductors languish in the sales figures, singers continue to sell well

Nazis. It was a timely mark of respect that the company was able to present the long-neglected Berthold Goldschmidt with a brilliant and very enjoyable disc of some of his own smaller orchestral pieces (Decca 452 589-2) just before he died in October at the age of 83. That was followed by a disc of decadent Berlin cabaret songs (Decca 452 601-2) sung by Ute Lemper, which opens the window on the real Berlin depicted in the musical *Cabaret*. Singers, in general, have been the flavour of 1996. While conductors languish in the sales figures, singers project a unique personality on disc and continue to sell well. Decca signed up Angela Gheorghiu and Renée Fleming and produced recital discs with each of them. Fleming's Mozart (Decca 452 602-2) mixed some accomplished singing with a few ill-advised tracks, but Gheorghiu's operatic recital (Decca 452 417-2) and her duets with husband Roberto Alagna (EMI CDC 556 117-2) were lovely and deserved to sell like hot cakes.

Among established favourites, Cecilia Bartoli offered a programme of French mélodies (Decca 452 687-2) with her usual élan and Bryn Terfel headed for Broadway with "Something Wonderful" (DG 449 163-2), a disc of Rodgers and Hammerstein songs.

The mezzo Anne Sofie von Otter was everywhere and always, it seems, at her peak. Her disc of little-known Swedish songs, called "Wings in the night" (DG 449 189-2) was a wonderful eye-opener and her haunting Judith made the live recording of Bartók's *Duke Bluebeard's Castle* (EMI CDC 556 162-2), conducted by Bernard Haitink, another special event.

As Christmas approaches, there has been the annual rush of opera sets. Since the iron curtain was drawn aside, Valery Gergiev and his Kirov Opera orchestra and chorus have been engaged in recording the great Russian operas, one of the defining projects of the 1990s. This year's opera is Glinka's *Ruslan and Ludmila* (Philips 446 746-2) which can be bought in a limited edition presentation set with both audio CDs and VHS video. Simon Rattle's set of Mozart's *Cost fan tutte* (EMI CDC 556 170-2) is orchestrally thrilling and Colin Davis's new recording of Britten's *A Midsummer Night's Dream* (Philips 454 122-2) makes a fine memento of his high-quality concert performance last year at the Barbican.

The standard repertoire was inevitably thinner on the ground, although Davis also produced a seriously considered set of the Beethoven symphonies with the Dresden Staatskapelle (Philips 446 087-2) and Mikhail Pletnev an understated cycle of the Tchaikovsky symphonies (DG 449 967-2).

It is worth noting that the need for a sales push has seen some companies reduce prices on their prime recordings, notably EMI in a special campaign which runs until Christmas Eve in the UK - another sign perhaps of where the industry is heading, as competition bites? There should be something for everybody in the classical departments this year, except perhaps for the accountants and shareholders.

Richard Fairman

## Concerts/Stephen Pettitt

# Modesty pays

Bernard Haitink's virtues as a conductor are well enough known. He is a man of modest means, outwardly unimpressive, but almost invariably he gets to the heart of the musical matter. In two concerts at the Royal Festival Hall with the London Philharmonic Orchestra earlier this week, he showed exactly what a really good conductor can achieve with a team of really fine musicians.

They are musicians who in the past have suffered greatly the effects of misguided management, but Haitink's presence, his palpable integrity, can raise the morale of even the most abused.

His reading of Bruckner's Ninth Symphony last Sunday was a towering achievement. He almost alone of Brucknerian conductors is comfortable with Bruckner's leisurely pacing. In the final

Adagio, Bruckner's symphonic leave-taking of this world, he seemed completely unaware of time passing, of any need to invent the music with a conscious impetus.

But that effect could only be gained through the application of instinct and calculation in equal measure. And, although this hall tends to lay agonising stress upon the harsh upper harmonics of the brass, with Haitink in command the orchestra played with commendable mellowness as well as unanimity.

In the first movement, he paced successive climaxes with meticulous care, so that the music seemed to reach a different, higher plateau of spirituality each time. Thus he avoided the sense of perpetually achieving only to begin all over again, common with many conductors.

Perhaps it is easier to con-

quer an audience with the majestic bombast of the same composer's 7th *Deum*, but again Haitink, aided by a superb team of soloists in Rita Cullis, Jean Rigby, Paul Charles, Michael Moore, achieved a fine balance: God was glorified, not himself or his performers.

A few days later, following a beautifully turned reading of Mozart's B flat major Piano Concerto with András Schiff, Haitink tackled the dark, Mahlerian visions of Shostakovich's Fourth Symphony, making wonderful sense of this sprawling, garish, terrifying and ultimately suicidally bleak score.

It was another brilliant, deeply affecting performance by an altogether brilliant team. So much so that an acquaintance could only say that it was the best concert he had ever been to. But then he had not been at the Bruckner.

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## ARTS

# Rampant Romanticism

William Packer searches out some artistic gems in hidden corners of Paris

The small museums that were once the houses or studios of artists, writers or collectors, in which something of a personal atmosphere is preserved, are high among the hidden delights of Paris. The Musée Delacroix is a mere stone's throw from Saint Germain, but I twice walked past its heavy green doors in the quiet corner of the little square. It has two parts, the old apartment proper on the first floor, and the studio in the garden at the back which Delacroix built when he moved in in 1857 and used until his death in 1863.

As well as those on Delacroix, the place is used for small temporary exhibitions of a more general connection with Romanticism. The current show on the Greek revolt against the Turks that so touched Romantic French and British sensibilities in the 1830s, manages to be both at once. While the political and social background is well enough set out, with minor painters making much of Greek heroes and dark Turkish deeds - the patriarch hung at the cathedral door; the priest shot below the castle walls; and Ary Scheffer's youngster standing guard over the body of his wounded father that, widely reproduced, became the popular image of the war - it is Delacroix who is the star.

He returned to the subject throughout his life. One of the most spirited of his bat-

tle scenes, a dashing horseman, cloak and moustachios streaming in the wind as he gallops to the attack, was painted some 30 years on, in 1856. But the great image that defined the epoch was contemporary, prompted by the news of the siege and massacre of Missolonghi in 1826, when Delacroix was 26. There she sits, the personification of Greece herself, beautiful, helpless yet defiant before the ruins of the town. With its allegory and overt polemic, it caused a storm at the time and brought an immediate celebrity to the young artist.

Romanticism had many aspects which were neither political nor literary. Nature red in tooth and claw was ever fascinating, and for some of the animaliers artists of the 19th century it became an abiding preoccupation. Of these the greatest, and certainly the truest Romantic, was Antoine-Louis Barye, a near-contemporary of Delacroix whom he outlived by 15 years.

He was a painter too, but his true reputation rests on his sculpture, a memorial and celebration of the Second Empire. But the display now at the Louvre, *The Claw and the Tooth* as the French prefer it, concentrates entirely upon animals being actively beastly to one another. It also offers a succinct account of the casting and assembling of these extraordinary objects.

Wonderful quite as much in their expressive energy and force as in the accuracy of form and detail, they are not exactly for the faint-hearted. Hounds pull down their deer; tiger wrestles with alligator; python tucks into its antelope; lion roars over its prey. And all is disposed with a formal control and invention that are constantly stimulating and engaging, even in purely abstract, modern terms.

The Musée Maillol, run by the Fondation Dina Vierny, has been much restored principally as a series of exhibition galleries. Maillol's personal collections are on the upper floors and his own work, surreal heaps of plaster bits-and-pieces in glass compartments, is scattered throughout. There are some fine things - a large Degas drawing of dancers; the full-scale study by Ingres of M. Bertin's sleeve and hand; Picasso's Cézanne - but as interesting as anything are Maillol's own early symbolist and Nabis paintings, which are hardly known.

The current special exhibition is given to Giorgio Morandi, the paintings in the principal gallery, the work on paper upstairs. It is beautifully chosen, taking us from an early flirtation with Cubism and the *metaphysical* still-lives, to the more truly personal intimism of the still-lives and landscapes of his maturity. Simple so often almost to the point of abstraction, yet they always retain an exact sense of particular form, texture, space.



Greece defiant before the ruins of Missolonghi, the painting that brought fame to the young Delacroix

Pitched low in tone and soft in colour, sometimes almost to the point of monochrome, they are never anything but full of colour. The same pots and jugs, the same roofs and corners, reappear over the decades from the 1920s to the

'60s. They are magical things. *Greece in Revolt: Musée Eugène Delacroix, 6 rue de Furstenberg, Paris 6me, until January 13, then on to Athens. La grille et la dent -*

the animal sculptures of Antoine-Louis Barye: Musée du Louvre, Paris 1e, until January 13. Giorgio Morandi: Fondation Dina Vierny - Musée Maillol, 59 rue de Grenelle, Paris 7me, until February 16.

## Television/Christopher Dunkley

### Too much on its plate

When children ask "Why don't we have the soup, the lamb and the apple pie on the same plate and eat it all at once?" the answers - "We've always eaten them separately... Things taste better that way... There's not enough room on the plate" - sound pretty feeble. And when they say with sweet reasonableness, "It all goes down the same way and ends up in the same place", it is difficult to deny.

Much the same can be said about a television series which sets out to deal with wildlife, history, anthropology and mythology. They all go down the same way and end up in the same place, so why not deal with them all at once? That is what BBC2 has done with *Spirits Of The Jaguar*, but although it sounds reasonable and there are many pleasures along the way, separate series would still seem better in the end.

Yet you can see the logic behind the idea. Most so-called "natural history" programmes are no such thing: they are wildlife programmes. *Spirits Of The Jaguar* takes a particular part of the world - central America and the Caribbean - and explains the history of its nature: how the geography came about (assuming, of course, that you accept without question the theory of plate tectonics, as these programmes do, though the actual phrase is never mentioned, presumably because transmission is at bedtime on Sundays) and how that geography accounts for the types of wildlife present. In Programme 1 there is a lot about islands sailing across the Pacific, docking in south America, picking up a cargo of animals and then pushing on out to their anchorage in the Caribbean.

In case we thought the central American isthmus was formed by continental drift, with the two continents stretching out the land in between, it is explained that some of the islands continued their voyage and, a mere two or three million years ago, closed the gap between north and south America, forming a land bridge which was then used by the jaguar to travel south and the ant eater to travel north. And the human inhabitants of the Caribbean islands? In tomorrow's programme, Episode 2, we see how they made dugout canoes and, 2,500 years ago, set off from south America in a spirit of lebensraum. Some iguanas made the

same voyage inadvertently, it is suggested, having dived into rivers to escape predators and then climbed out on what they assumed was river bank but was actually debris which eventually floated out to sea.

These programmes, produced by Paul Reddish in the BBC's natural history unit, are at their strongest when they stay with the animals and with events - such as the iguana saga - which directly concern them. There are marvellous moments: the female frogs which leave the males tending the eggs at night, climb to the top of the forest canopy to feed, and then free-fall 30 metres to the ground, limbs spread like parachutists; the snakes which hang around in pitch dark caves, catch bats on the wing and squeeze them to death; the crocodiles which leap six feet vertically out of the water to snatch what look like teddy bears out of the trees, and so on. So blame have we become about wildlife footage (thanks as much to the previous work of this unit as any other in the world) that we scarcely notice now how staggeringly difficult it must have been to film such activities.

There are also matters which irritate. Go-faster cloud sequences are as much of a cliché as go-faster stripes on motorcycles and should be abandoned. No one reading a commentary should have to shout to be heard over wooden flute music. Those who film grasshoppers being engulfed by resin, Jurassic Park style, deserve to be asked whether the insect was alive or not, or whether the cameraman offered a helping hand.

The chief reservation about *Spirits Of The Jaguar*, however, concerns the human content, especially in the final episode next week. Had the series treated man as simply another wildlife element and considered his role solely from an ecological standpoint, it might have worked rather well. Instead we get all sorts of odds and ends about gods and blood sacrifices, architecture and counting systems. You would presumably have no difficulty filling a four part series on the history of the Mayans, Tainos and Aztecs without any reference to parachuting frogs and, in the end, that would be more satisfactory. All you can say to the child who wants soup and pudding on the same plate is "Look, try it, but I think you'll find each dish more rewarding on its own".

Archy and Mehitabel has finished: Carol ended this week. But that part of the BBC that is forever America can be gratified: a new female chat show is hosted by a nice American actress. Radio 2 celebrated the centenary of Ira Gershwin. Radio 3's Sunday feature dealt with American Indians, and André Previn and Chicago-based Daniel Barenboim provided celebrity interviews in *The Music Machine*. Edmund White's *Sentimental Journey* was repeated. *Something to Write Home About* began its new series in New York. Paul Gambaccini discussed *101 Dalmatians* and a stage version of *Huckleberry Finn* in *Kaleidoscope*. *The New York Stand-up Comedy Show* made its unnecessary debut... And in *Call Nick Ross* on Europe one lady caller suggested we should have Euro-set soaps, thrillers and dramas.

At first glance trivial, the suggestion is spot on. Not because we want more of those awful Euro co-productions but because until the Great British Public realises where it is geographically and politically

Radio/Martin Hoyle

## Knee-jerk reactions

(and I speak as an anti-federalist) it will increasingly believe itself the 51st state of the Union or at least in a special relationship. De Gaulle was more correct than he knew when he saw Britain as a Trojan horse for American influence.

It doesn't help, of course, that the British have conceived a loathing for their own culture. One spin-off is the emergence of the culturally semi-literate arts programme as epitomised by *The Heritage Quiz*. Poor professional Sue MacGregor sounds like the hostess of a children's party who has her treats constantly flung contemptuously back at her by her sulky charges. Of the programme's two regulars, one, a writer, guessed that Lewis Carroll's satiric poetry parodied Walter de la Mare (presumably from beyond the grave)

and then launched a tirade against stately homes - perhaps the only genuinely British art-form and the envy of the French with their cold, empty museums on the Loire - missing the point by seeing them as symbols of inequity and tyranny (has she ever read a word of local history?). She is one of those people who hate the pyramids (slave labour), loathe Mozart's Requiem or the stained glass in Chartres or Botticelli's *Madonnas* (superstition and social repressiveness), doubtless think the Taj Mahal an outrage and the Acropolis a monument to a slave-owning society where women were second-rate citizens. All of which is true.

Her partner, Christopher Cook has his own knee-jerk reactions, such as dismissing explorers (running away from something) as

deeply inadequate people. Two weeks ago only Jane Glover, conductor and musicologist, sounded civilised, cheerful, urbane and educated. She actually seemed to enjoy the arts in a broad, tolerant way, knew more about them than the alleged pundits, and understood what they were there for.

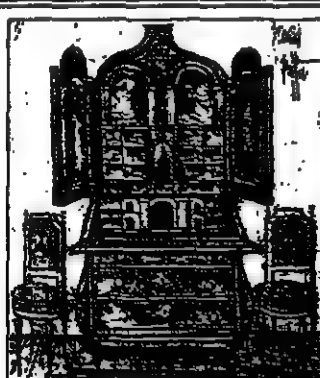
I missed the subsequent programme with Michael Schmidt, but caught his contribution to *Dear Diary*. Thank heaven for gentle, humane, literary men. The new diary series got off to a good start with Ben Pinloft, amiably bemused by the reaction to his biography of the Queen. Schmidt recalled the day when the offices of his poetry-publishing Carcanet Press was destroyed by the Manchester bomb.

It was Saturday; he was away; news came through fitfully, the television images never quite focusing on his part of the Corn Exchange. Unable to get close for security reasons, he climbed a wall for a distant view: where the offices had been there was now a hole.

The physical descriptions were haunting - pigeons nesting in the wet, stained papers, the shattered Victorian tiles - but people's reactions were more fascinating. His rage at the sight of the smugly unrepentant Gerry Adams at the Frankfurt Book Fair - dedicated to Ireland; Schmidt tore up his invitation to the Irish party. The realisation that the grizzled lift-men, ex-servicemen from sundry wars, would never work again: that the derided Arndale Centre had housed 500 businesses, besides flats, before a ton and a half of Sarmex moved its foundations; and that new friendships had been forged. "We love our city better now... We are about one another... We always thought we did and now we know we do."



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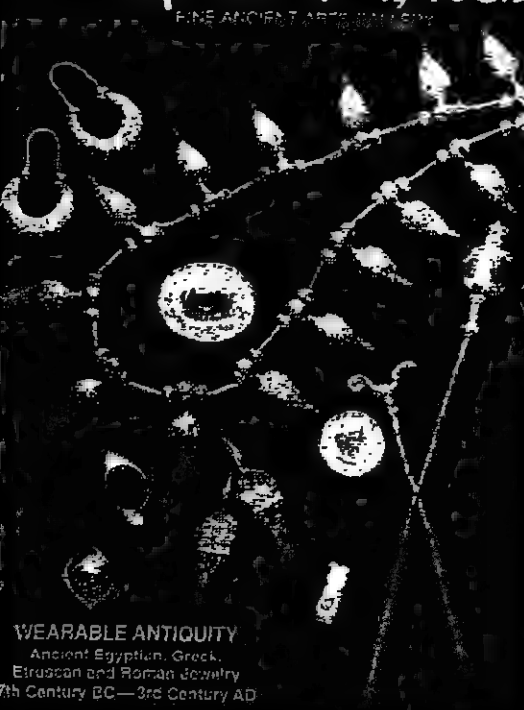
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## BOOKS

# Perils of a green engagement

Jimmy Burns on president Clinton's attempt to act as honest broker to end sectarian violence

Of all the complex issues surrounding the Northern Ireland political process in recent years, few have proved as controversial as the so-called Irish-American card played under the auspices of president Clinton.

It was Clinton who, after becoming president in 1992, tried to act the role of honest broker – or “facilitator” – as he liked to be thought of – in one of the seemingly most intractable conflicts in the world. By so doing, Clinton did the Sinn Féin president Gerry Adams a huge favour while ruffling no small amount of feathers among UK officials.

As the only Irish journalist accredited to the White House from 1993 to 1995, Conor O'Clery of the Irish Times was well positioned to follow a story which was, initially at least, ignored by the bulk of the American media and other Washington based Europeans. His book reads like an extended scoop, a fascinating insight into the kind of territory that would normally require the opening of secret files, but which

here is unravelled thanks to a diligent focus on primary sources.

First, though, O'Clery shows he has a good sense of historical context. The Clinton administration is contrasted with the Cold War years, when the “special relationship” between successive US presidents and UK prime ministers insured that Washington accepted Britain's right to treat Northern Ireland as an internal problem, and opted for a policy of non-interference.

Clinton wanted to make Northern Ireland part of his own governing rationale for a “new engagement” in the world. His policy shift had its beginnings during his 1992 election campaign when his aides set up special liaison groups to garner as many votes as John Kennedy did among the 42 million Americans of Irish descent.

A touch of political opportunism, perhaps. But the key, O'Clery suggests, was “a unique set of circumstances in the Irish peace process coinciding with a once-in-a-century placement of the right people at the right time in positions of authority and influence” in the US.

The circumstances were that senior officials of the IRA political wing Sinn Féin and members of the UK and Irish governments were looking for ways to bring to an end decades of sectarian violence. There were enough people with sufficient influence on the White House, such as John Hume and Albert Reynolds, who were seemingly prepared to break Northern Ireland out of the narrowness imposed by geography and party politics.

In the US the Northern Ireland dimension was pushed by a small group of Irish-American lobbyists

led by Niall O'Dowd, editor of New York's Irish Voice; Bruce Morrison, a former democrat congressman, and lawyer, and a group of moderate businessmen who believed that Clinton could provide a necessary catalyst to help break the deadlock.

**THE GREENING OF THE WHITE HOUSE**  
by Conor O'Clery  
Gill & Macmillan £12.99, 263 pages

Clinton's own Irish blood roots were not particularly deep or immediate. But there were other influences, such as a lingering flirtation of the Baptist boy from the Deep South with Catholicism at the Jesuit-run Georgetown; and, subsequently, an emotional engagement with the civil rights marches in Belfast and Derry which he watched on TV while a

student at Oxford. As O'Clery notes, it was only when he became president that Clinton “discovered how Irish he was”, taking Northern Ireland policy away from the state department and entrusting the lead on it to two friends in the National Security Council, Tony Lake and Nancy Soderberg.

It was no coincidence that Soderberg had formerly worked with Ted Kennedy, another key player in shifting US policy on Northern Ireland, together with his sister Jean, the US ambassador in Dublin.

The secret contacts O'Dowd and his group of amateur diplomats had with Sinn Féin set a pattern that was gradually endorsed publicly by the White House to get as close as possible to the IRA in the hope that the more interaction and engagement there was the more moderate the

IRA would become.

Thus Gerry Adams and Joe Cahill – both previously jailed for their connection with terrorism – were granted visas to the US, and for a while nothing was done to stop the republican movement from boosting its coffers with some well-organised fund-raising. In return, much to the increasing chagrin of the UK government, Adams took up prime time TV spots, insisting that he was a man of peace not violence.

It would have been nice if the story could have been rounded off with Clinton's emotional visit to Belfast at the end of 1995 following the achievement of one of the longest IRA ceasefires since the troubles began. However, it was only ten weeks later that the high hopes were shattered with the IRA bomb in Docklands, leaving the White House and its Irish-

American friends struggling to retain a sense of achievement as opposed to being conned.

O'Clery bravely tries to weigh up the arguments in his concluding chapter. Against the cynics who like to paint a picture of some crafty Irishmen taking a naive president for a ride to nowhere, O'Clery argues that the Clinton initiative helped diminish Irish-American support for violence.

Such a view is informed as much by faith as evidence. O'Clery admits to have acted as an amateur diplomat himself as much as a journalist on occasions (he hosted a dinner for Adams and White House officials). He can take some comfort in the fact that the return of IRA violence led to a dip in Sinn Féin's fund raising in the US.

The wider story of Northern Ireland of course continues, and only historians in the new millennium will reach a more definitive judgment on whether Clinton's policy contributed to peace in the end, or simply proved an unnecessary diplomatic irritation.

## Passions stirred up by the soil

Alice Hiller indulges in a spot of armchair gardening with past and present arbiters of horticultural taste

As the growing season chills to a close, the charms of armchair gardening wax proportionately greater. For those not fully consumed by seed catalogues and the like, *Visions of Arcadia* and *The Penguin Book of Garden Writing* offer a valuable means of transport beyond the winter's gloom.

The former, by May Woods, encourages us to travel not merely through the seasons, but also through time. An impressive history of European gardens from the Renaissance to rococo, it revisits three-and-a-half centuries of horticultural obsessions.

Touching lightly on the religious iconography of medieval gardens, the story opens with Virgil's visions of Arcadia, which captivated the Renaissance imagination, and inspired Leon Battista Alberti to conceive an idyllic and influential rural villa and garden plan around 1450. Based on classical principles, this featured a formal, symmetrical layout of shaded avenues, vine-clad pergolas, box hedges, statuary, and shell-studded grottoes refreshed by trickling water – elements that would form the backbone of garden design until the advent of the landscape movement in Britain in the 18th century.

May Woods stops short of this second major revolution, however, outlining instead the stages by which it was reached. We pass through the spectacular Villa Medici at Castello, built in 1550 to celebrate the reign of Duke Cosimo. He was commemorated in the great statue of January, from which all the water courses of the garden flow, and water was also central to the more light-hearted Mannerist movement which followed. The style was epitomised by elaborate aqueous *Jeux d'eau* – as at the Villa d'Este in Tivoli where fountains squirted travellers, played organs, emitted the sounds of canons, or powered moving, singing

birds. Equally playful, if less sophisticated, was Henry VIII's garden at Hampton Court, or the Pegasus-topped Mount Parnassus ordered for Somerset House by James I.

But Italy retained the cutting edge by pioneering the baroque, which from 1600 ushered in gardening on a gigantic and highly geometric scale, later taken up by Le Notre in France. A showpiece was the breathtaking Isola Bella. Rising like a stone ship from Lago Maggiore, with tiered terraces, statuary, grottoes and groves, its formal beauty helped inspire Mary, Chantilly and Versailles.

**VISIONS OF ARCADIA**  
by May Woods  
Aurum Press £25, 224 pages

**THE PENGUIN BOOK OF GARDEN WRITING**  
edited by David Wheeler  
Viking £20, 382 pages

The book closes, slightly breathlessly, with the delicate, intimate rococo fantasies of the 18th century, which prepared the ground for the more “natural” landscape movement. Although *Visions of Arcadia* can occasionally seem indigestibly condensed, this drawback is more than offset by the outstanding collection of more than 170 engravings, plans and photographs, which bring the gardens conspicuously to life.

Missing only are the personal points of view. These leap out, however, from David Wheeler's thematically structured anthology. Culled from six centuries of assorted material, it includes a few fairly obvious “literary” contributions, but focuses mainly on the work of hands-on garden writers.

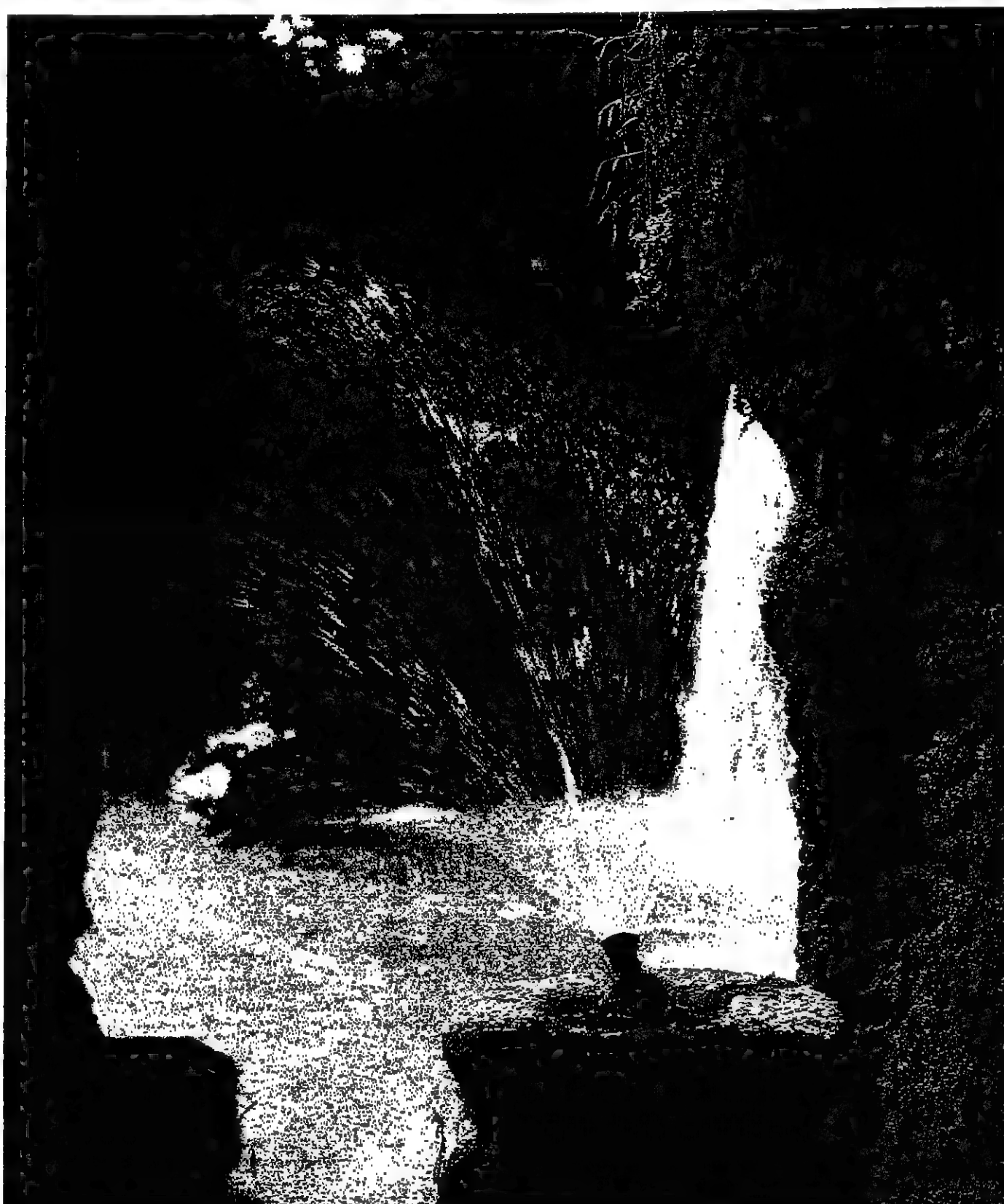
Among them are the arbiters of horticultural taste, past and present. They provide a chorus of opinionated, quirky, sometimes irascible voices – Francis Bacon

pontificates, John Evelyn deplores vegetables grown on noxious hotbeds fermented from city dung and rubbish, Addison mocks tulip mania. Pope enthuses about his new grotto, William Morris blushes at “carpet-gardening”, Vita Sackville-West deplores her planting schemes.

Elsewhere, certain preoccupations emerge, notably the remembered Arcadian gardens of childhood, and the compulsion to master nature. Wheeler cites the comparison in *Richard II* between judiciously ruthless gardening and ruthlessly ruthless government – alike purveyors of perfect states. John Speeding finds this tendency sinister, almost totalitarian, in 1800: “the pathos of dead boughs and mouldering leaves, the blighted bloom and broken promise of the spring, autumn's rust or winter's wreckage are, if gardeners be brisk sons of Adam, instantly huddled out of sight, so that come when you may, the place wears a mask of steady brightness.”

Other passages record struggling against a range of elements – including plant-stealing crack-addicts in Brooklyn – or admit that nature often does better unaided, springing night-scented stock from the Libyan desert, or peonies from a blasted garden in northern France in 1918.

Impressively, some of the most striking pieces come from unknown writers, such as the pseudonymous gardener Christopher Falconer. Rising at dawn, working in silence, forbidden to smoke, always keeping out of sight of two faceless beings known as “Lordship” and “Ladyship”, he and six others “were just there because we were necessary, like water from a tap.” Their bittersweet reward was the “glory of the garden,” to borrow Kipling's phrase, and no more poignant testimony exists to the peculiar passions stirred up by dirt.



A bigger splash: Italian fountain from the 16th century Villa d'Este at Tivoli, the spectacular monument built as an “occasional” house for Cardinal Ippolito d'Este of Ferrara. Taken from “The Villa d'Este at Tivoli” by David Dorris, Academy Editions, £28.95, 128 pages.

## The thrill of metal mayhem

Forget the fuss about Cronenberg's ‘Crash’, writes Nigel Andrews

Just as the world never lasts long without a war, the media-addicted public needs its regular dose of violence.

We who saw *Crash* at Cannes half a year ago can scarcely credit the regular dose of violence being whipped up by today's pundits. The truth, as these books show, is that David Cronenberg's movie is a faithful, even austere adaptation of a 200-page J.G. Ballard delirium. However, if that sounds like praise for Cronenberg and Ballard, please adjust your mind. The fact that *Crash* the movie is faithful means it is, in a deep sense, faithful. (I visit this paradox on all who inveigh against creative opera producers.)

Many of the book's words, most of its characters and all its main plot points are preserved, with none of the excitement of that revelatory creative act. The movie is as faithful to its source as a good reproduction is to a famous painting. Value of famous painting: £1m. Value of reproduction: £10.

Ballard's novel about erotomania and car collisions, whatever one thinks of its SM reveries, has a driving (pun intended) passion and a frightening first-person honesty. He gives us the viscera, the violence, the sex. He even calls his narrator James Ballard.

The book is not, pace BBC's *Late Review* team, a cautionary tale. No readers are being warned about anything. They are being invited to look deep inside themselves and to dare to deny

that part of their libido vibrates to the thrill of violence and physical damage; if not as participation game, then at least as spectator sport.

**CRASH**  
by J.G. Ballard  
Vintage £5.99, 224 pages

**CRASH**  
by David Cronenberg  
Faber £7.99, 224 pages

**CRONENBERG ON CRONENBERG**  
edited by Chris Rodley  
Faber £9.99, 224 pages

It ought to take daring to deny that. Across the world tens of millions of people, modestly estimated, flock to action-adventure films each week in which planes crash, buildings explode and cars fly at each other with a crunch and rending scream, like the mating of giant metal mayflies. Are we there for the “cautionary tale”? Or are we there because there is a sensual excitement in disaster?

“But it is not sexual,” the self-defending action fan will protest. In a sense not. Heavy raincoats are not worn at *Lethal Weapon* screenings, spectacles do not steam up at *Die Hard*

shows. But where are the exact dividing lines – the exact ones – between the voyeur pulse that quickens at the violence visited on a motor car, the voyeur pulse that quickens at the violence visited on a person (say, a man, or say, a woman) and the voyeur pulse that quickens at a lovemaking scene?

Ballard and his paler acolyte Cronenberg are hardly pioneers. Freud, and before him Wagner, knew that sex and self-destruction, life-force and death-force, are kissing cousins. *Tristan And Isolde* is four hours of sensual, often downright sexual music, twinning the ideas of love and self-annihilation.

Yet when *Crash* comes before us, people shriek like lemmings (if lemmings shriek) and rush to the nearest cliff to hurl themselves into the Sea of Tabloid Hysteria. They prove that prudes too have their flair for self-annihilation.

These three books – only one of them, the movie script, is new, though the critical monograph has been updated – are an education. Ballard's 20-year-old novella may be obsessive, overwritten and repetitive. But it is original, dynamic and courageous, and I would like any man

who claims it is not arousing to say so under polygraph conditions.

By arousing the libido it arouses the mind to the vast, unnerving, often incongruous territory that the libido commands, and to the footnote truth that sex knows no laws whatever about selflessness or civil responsibility. Writing a book like this is extending, however slightly, people's insight; which in turn is one of the functions of art.

Cronenberg's script and movie, by contrast, describe pretty, second-generation aesthetic patterns around an idea whose life lay in its explosive first-generation egotism. Chris Rodley's introduction to the film, in both published screenplay and monograph, damns with intended praise. “Despite the overheated nature of the raw material (the story) is handled with the precision and formal restraint of an expert surgeon with years of experience behind the scalpel.”

Exactly. Art under anaesthetic; cinema as lifeless bio-forensic tinkering. Those who praise the movie insult the book. Those who spend column inches fulminating against Cronenberg risk flustering him into legend.

## Hearts filled with unease

home in a metaphysical diaspora.

Gender also gets short shrift, which is surprising given the accommodations required by slippage in traditional roles. Funditis now suggest a future of careerist wenchies strapping past the wretched new lad.

**THE AGE OF ANXIETY**  
edited by Sarah Dumant and Roy Porter  
Virago £15.99, 203 pages

a dinosaur in designer pants.

Science and technology might promise to deliver us, but Geoffis Mulgan and Watts are both too keen to reassure. That the future might belong to keyboard kids is unsettling, but Mulgan encourages us to tap our troubles away.

One should not resist the comforts of common sense. After all, the last fervid *fin-de-siècle* brought forth Wilde and Freud, an inspirational marriage of style and

psyche. The particular excitement of lived experience straining against aphorism is largely missing from this collection, where much of the writing is simply pedestrian.

However, Linda Grant's pithy elan (“Half the population of the world is running away from violence into refugee camps and the other half is paying good money to watch it at the multiplex”) precisely charts the territory of anxiety, where those who brood about a problem are the last to feel its effects. As a post-war baby, she is sensitive to violence, but can only locate it in the modish spectacles of body piercing and Tarantino movies. The apprehension exceeds its cause.

Peeking past the century's end is an artificial game, and this book locks the visceral intimations of unease that might demand our attention. Only Oscar Moore harnesses urgency to speculation in “Fatality Rites”, written shortly before his death from AIDS in September.

As Moore navigates the dark side of sexual liberation he movingly updates the medieval *ars moriendi*; he teaches us how to die. “We had gone from the envied social butterflies to the moths singed in our own candle as we burnt it at every end,” he writes. His bectie style, brandished with bravado, is itself a gesture of defiance. Anxiety shakes his bones and he meets it with panache.

David Jays

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مكتبة المجلد



## INTERNATIONAL ARTS GUIDE

## What's on in the principal cities

## ADELAIDE

**EXHIBITION**  
Art Gallery of South Australia  
Tel: 81-8-2077000  
● Dreamings of the Desert: Aboriginal Dot Paintings: 1996 marks the 25th anniversary of the rebirth of the Aboriginal dot painting phenomenon. In 1971 Geoffrey Bardon, a teacher at Papunya in the Northern Territory, started a chain of events which has culminated in the worldwide recognition of Aboriginal dot paintings as a 40,000-year-old tradition now transferred to moveable supports of canvas and board. This large survey exhibition aims to demonstrate the diversity which characterises these works. The dot paintings on display come from the collection of the Art Gallery of South Australia; from Dec 15 to Feb 16

## AMSTERDAM

**CONCERT**  
Concertgebouw  
Tel: 31-20-6718345  
● Radio Symfonie Orkest: with conductor Elia Kias and violinist Vadim Repin perform works by Elia, Mendelssohn and Stibelius; 8.15pm; Dec 20

## EXHIBITION

Amsterdams Historisch Museum  
Tel: 31-20-5231822  
● Peter de Grote en Holland: this exhibition brings together objects that were collected by the Russian Czar Peter the Great (1672-1725) during his stay in Holland 300 years ago. Included are paintings by 17th century Dutch masters, including Rembrandt's "David and Jonathan", scientific instruments, personal belongings of the Czar, and many other objects. The exhibition was previously shown at the Hermitage in St Petersburg; from Dec 17 to Apr 13  
De Nieuwe Kerk  
Tel: 31-20-6268188  
● Catharina, the empress and the arts: this exhibition features 19 old master paintings from the collection of the Russian Czarina Catharina the Great (1729-1796), including works by Titian, Bortone, Rubens, Hals, Jordaens, Rembrandt, De Heem en Van Dyck. Alongside these paintings other art objects and personal belongings of the Czarina are displayed. The exhibition aims to give insight into Catharina's passion for collecting works of art; from Dec 17 to Apr 13

## ANTWERP

**CONCERT**  
Koninklijk Elisabeththeater  
Tel: 32-3-2024578  
● Koninklijke Filharmonisch Orkest van Vlaanderen: with conductor Grant Llewellyn and pianist François-René Duchable perform works by Holoway, Ravel and Schumann; 8pm; Dec 17

## THEATRE

Bourgeoischouwburg  
Tel: 32-3-2318750  
● Nathan der Weise: by Lessing. Directed by Ulrich Greif, performed by the Koninklijke Nederlandse Schouwburg (in Dutch). The cast includes Kristin Aras, Chris Cauwenberghs, Bert Cosmans and Herbert Flack; 8pm; Dec 21

## ATLANTA

**EXHIBITION**  
High Museum of Art  
Tel: 1-404-733-4400  
● Henri Matisse: Masterworks from the Museum of Modern Art: this exhibition features about 100 works by Matisse (1869-1954) in a variety of media, including painting, drawing, sculpture, cutouts, prints and illustrated books, a stained glass window and sets of liturgical vestments. All exhibited works are selected from the collection of the Museum of Modern Art in New York; to Jan 19

## BARCELONA

**EXHIBITION**  
Fundació la Caixa  
Tel: 34-1-4588907  
● Tibetan Sacred Art: this exhibition of about 200 pieces of sculpture and "thangka" (roll-up paintings on fabric used as an aid to meditation) presents a journey through 12 areas which symbolise the different religious spheres with the most representative characters and deities in Tibetan Buddhism. The works are from public and private collections in Europe and the US and span the period from the ninth to the 19th century. Following the exhibition in Barcelona the show will travel to Japan; to Jan 12

## BERLIN

**CONCERT**  
Konzerthaus Tel: 49-30-203090  
● Camerata Accademica Salzburg: with conductor Alexander Janiczek, violinist Augustin Dumay and pianist Maria João Pires perform works by Mozart; 4pm; Dec 15

## EXHIBITION

Deutsche Oper Berlin  
Tel: 49-30-3438401  
● Un Ballo in Maschera: by Verdi. Conducted by Daniel Lipton, performed by the Deutsche Oper Berlin. Soloists include Neil Shicoff, George Fortune and Michele



Mezzo-soprano Anne Sofie von Otter is performing with the Brodsky Quartet in Bologna

Crider; 7pm; Dec 17  
Staatsoper Unter den Linden  
Tel: 49-30-20354438  
● Lohengrin: by Wagner. Conducted by Daniel Barenboim, performed by the Staatsoper Unter den Linden. Soloists include Magee, Polaski, Botha, Pape and others; 5pm; Dec 15

## BIRMINGHAM

**CONCERT**  
Symphony Hall  
Tel: 44-121-2002000  
● Kiri Te Kanawa: recital by the soprano; 7.30pm; Dec 18

## BOLOGNA

**CONCERT**  
Teatro Comunale di Bologna  
Tel: 39-51-529901  
● Brodsky Quartet: with mezzo-soprano Anne Sofie von Otter perform works by Brahms, Britten, Copland, Debussy, Fauré, Poulenc, Schumann, Wolf and Respighi; 8pm; Dec 18

## BONN

**OPERA**  
Oper der Stadt Bonn  
Tel: 49-228-7281  
● Roméo et Juliette: by Gounod. Conducted by Marcello Panni, performed by the Oper der Stadt Bonn. Soloists include Vitali, Ingie, Naviglio, de la Mora and Spemann; 7pm; Dec 15

## BRUSSELS

**CONCERT**  
Palais des Beaux-Arts  
Tel: 32-2-5078466  
● Choeurs de la Chapelle Royale: with conductor Philippe Herreweghe, soprano Sophie Daneman, baritone Detlef Roth, pianist Alain Planès and clarinetist Jane Booth perform works by Schubert; 7pm; Dec 15  
● Orchestre des Champs-Élysées: with conductor Philippe Herreweghe perform works by Schumann and Mendelssohn; 9.30pm; Dec 15

## COPENHAGEN

**CONCERT**  
Tivoli Concert Hall  
Tel: 45-33 15 10 01  
● La Damnation de Faust: by Berlioz. Concert performance, conducted by Gary Bertini and performed by the Danish National Radio Symphony Orchestra and the Danish National Radio Choir. Soloists include mezzo-soprano Deryce Graves, tenor Vinson Cole and baritone José van Dam; 8pm; Dec 20  
● Copenhague: by Puccini. Conducted by Hans-E. Zimmer, performed by the Sächsische Staatsoper Dresden. Soloists include Birgit Fendry and Eva Kirchner; 7.30pm; Dec 20

## DRESDEN

**EXHIBITION**  
Albertinum Tel: 49-351-4953058  
● 4x1 im Albertinum: exhibition featuring works by four contemporary artists: Ralfael Rheinsberg (Germany), Nan Hoover (US), Maria Lassing (Austria) and Luc Tuymans (Belgium); from Dec 15 to Apr 6

## GENEVA

**EXHIBITION**  
Musée d'Art et d'Histoire  
Tel: 41-22-3114340  
● Lumières de l'Orient chrétien: exhibition of some 140 icons from the collection of the Lebanese collector Abou Adal; to May 4

## GHENT

**OPERA**  
De Vlaamse Opera  
Tel: 32-9-2230681  
● Les Liaisons Dangereuses: by Swets (world premiere). Conducted by Patrick Davin, performed by De Vlaamse Opera. Soloists include François La Roux and Marilyn Schmieg; 8pm; Dec 17

## HAMBURG

**OPERA**  
Hamburgische Staatsoper  
Tel: 49-40-351721  
● Die Fledermaus: by J. Strauss. Conducted by Stefan Soltesz,

performed by the Hamburgische Staatsoper. Soloists include Daniels, Ritterbusch, Sommerfeld and Neumann; 7pm; Dec 19

## HOUSTON

**EXHIBITION**  
Museum of Fine Arts  
Tel: 1-713-639-7300

● Masterpieces from The Pierpont Morgan Library: this exhibition features more than 175 objects from the library's collections of old master drawings, medieval and Renaissance illuminated manuscripts, ancient seals, early printed books, authors' and composers' manuscripts, and Americana. Highlights of the exhibition include a mid-10th century Spanish manuscript, the earliest illustrated copy of Beato's commentary on the Apocalypse, Albrecht Dürer's pen-and-ink drawing "Adam and Eve", one of the 11 remaining vellum copies of the Gutenberg Bible, and the autograph manuscript of Mozart's "Haffner" Symphony. After the showing in Houston, the exhibition will be on view at the Fine Arts Museums of San Francisco and the High Museum of Art, Atlanta; to Jan 5

## INDIANAPOLIS

**EXHIBITION**  
Indianapolis Museum of Art  
Tel: 1-317-923-1331  
● Goya's Los Caprichos: this exhibition features the complete set of 80 prints from Francisco Goya's series "Los Caprichos". The collection of random subjects points out follies, prejudices and lies in society, including the seven deadly vices - lust, laziness, envy, greed, anger, gluttony and pride; from Dec 15 to Feb 16

## LISBON

**CONCERT**  
Grande Auditório da Fundação Gulbenkian Tel: 351-1-7935131  
● Orquestra Gulbenkian: with conductor Michel Corboz perform works by Schubert. Soloists include soprano Veronica Cangemi, contralto Liliana Bzdech-Eisinger, tenor Andreas Wagner and bass Werner Lachter; 9.30pm; Dec 19 (7pm), 20

## LONDON

**EXHIBITION**  
Sotheby's; Parke Bernet & Co. Tel: 44-171-4938080  
● Graham Greene: The Clinton Smullyen Collection: the first sale to be devoted entirely to the works of Graham Greene, this 228-lot auction features an important private collection of books, manuscripts, letters and movie ephemera relating to the English writer. Highlights of the sale include Greene's own proof copy of what many consider his masterpiece, "The End of the Affair"; 2.30pm; Dec 16

**CONCERT**  
Barbican Hall  
Tel: 44-171-6384141  
● English Chamber Orchestra: with conductor Martin Neary, soprano Emma Kirby and the Westminster Abbey Choir perform works by Corelli and J.S. Bach; 7.30pm; Dec 17

**DANCE**  
Royal Opera House - Covent Garden Tel: 44-171-2129234  
● Cinderella: a choreography Frederick Ashton to music by Prokofiev, performed by the National Ballet; 7.30pm; Dec 17, 18

**JAZZ & BLUES**  
Purcell Room  
Tel: 44-171-9604242  
● Brian White & his New Orleans Jazz Band: perform classic New Orleans style jazz; 7.30pm; Dec 19

## MADRID

**CONCERT**  
Fundación Juan March  
Tel: 34-1-4354240  
● María Aragon and Fernando Turina: the mezzo-soprano and pianist perform works by Poulenc, Moreno, Bartolotta and others; 12noon; Dec 21

**EXHIBITION**  
Biblioteca Nacional  
Tel: 34-1-5607800  
● Yodanis Universal: exhibition focusing on Francisco de Goya's graphic work. The display features not only works by the Spanish

artist himself, but also works by contemporary artists and old masters, including Ceán Bermúdez, Dürer, Carraci, Piranesi, Rembrandt, Rubens, Van Dyck and Tiepolo. The exhibition features more than 300 works, including prints, sketches, drawings, books and manuscripts; to Dec 19

## MILAN

**DANCE**  
Teatro alla Scala di Milano  
Tel: 39-2-72003744  
● Die Lustige Witwe: a choreography by Ronald Hynd to music by Lehár, performed by the Corpo di Ballo del Teatro alla Scala and the Orchestra Sinfonica di Milano Giuseppe Verdi. Soloists include Carla Fracci, Susan Jeffe, José Manuel Cano and Gheorghe Lencu; Dec 18 (2.30pm), 20

## MUNICH

**EXHIBITION**  
Haus der Kunst  
Tel: 49-89-211270  
● Francis Bacon 1909-1992. Retrospective: retrospective exhibition devoted to the English painter Francis Bacon. The display features more than 100 works - including 17 triptychs - from public and private collections, giving an overview of Bacon's artistic career. The exhibition was previously shown at the Centre Pompidou in Paris; to Jan 26

**OPERA**  
Nationaltheater  
Tel: 49-89-21851920  
● Don Pasquale: by Donizetti. Conducted by Roberto Abbado, performed by the Bayerische Staatsoper. Soloists include Nuccia Focile and Enric Serra; 7pm; Dec 19

## NEW HAVEN

**EXHIBITION**  
Yale Center for British Art  
Tel: 1-203-432-2800  
● British Art Treasures from the Hermitage: travelling exhibition of British art drawn exclusively from the collections of the State Hermitage Museum in St Petersburg. The exhibition, coinciding with the bicentenary of the death of Catherine the Great, Empress of Russia from 1762 to 1796, includes paintings and sculpture, silver, ceramics, furniture, clocks, jewellery, cameos and engraved gems; to Jan 5

## NEW YORK

**CONCERT**  
Carnegie Hall Tel: 1-212-247-7800  
● Orchestra of St Luke's: with conductor André Previn and soprano Sylvia McNair perform works by Vaughan Williams, Britten and Haydn; 8pm; Dec 18

**EXHIBITION**  
The Metropolitan Museum of Art  
Tel: 1-212-879-5500  
● Corot: major retrospective of the art of the French landscape painter Jean-Baptiste-Camille Corot (1796-1875), organised on the occasion of the 200th anniversary of the artist's birth. Comprised of 150 paintings, dating from the early 1820s to the mid-1870s and gathered from private and public collections around the world - the exhibition examines the entire career of this artist, whose influence extended well into the 20th century. The retrospective, which is organised chronologically, charts Corot's evolution as a painter. The exhibition was previously shown in Paris and Ottawa; to Jan 19

**OPERA**  
Metropolitan Opera House  
Tel: 1-212-362-6000  
● Tosca: by Puccini. Conducted by Christian Badea, performed by the Metropolitan Opera. Soloists include Vanessa, La Scala and Lafont; 7.30pm; Dec 16, 20 (8pm)

## NICE

**EXHIBITION**  
Musée d'Art Moderne et d'Art Contemporain Tel: 33-93 62 61 62  
● Tom Wesselmann. Retrospective 1959-1993: retrospective exhibition featuring about 100 works by the American Pop artist Tom Wesselmann. Main theme in Wesselmann's work is the female body, included in the exhibition are such works as "Great American Nude" and "Still

Life"; to Jan 27

## OTTAWA

**CONCERT**  
National Arts Centre  
Tel: 1-813-996-5051  
● Messiah: by Handel. Conducted by Jane Glover, performed by the National Arts Centre Orchestra. Soloists include Daniel Taylor, Christine Brandes, Benjamin Butterfield and Brett Polegato; 8pm; Dec 18, 19, 20

## PARIS

**CONCERT**  
Palais des Congrès  
Tel: 33-1 40 68 22 22  
● Barbara Hendricks: recital by the soprano; 8pm; Dec 16  
Théâtre du Châtelet  
Tel: 33-1 42 33 00 00  
● Philharmonia Orchestra: with conductor Esa-Pekka Salonen, cellist David Geringas and soprano Joeri Rodgers perform works by Ligeti and Mahler; 8pm; Dec 16

**EXHIBITION**  
Centre Georges Pompidou  
Tel: 33-1-44 78 12 33  
● Face à l'histoire: exhibition focusing on the way modern artists deal in their work with political and historic events. The exhibition features some 450 works, created between 1933 and 1986 by nearly 200 artists, including paintings, drawings, sculptures, photomontages, installations and videos. Also several literary documents, press photographs, posters and other objects are displayed; from Dec 18 to Apr 7

## ROTTERDAM

**EXHIBITION**  
Museum Boijmans Van Beuningen Tel: 31-10-4419400  
● Willem van de Velde de Oude (1611-1693): exhibition devoted to the work of Willem van de Velde de Oude. With the permission of the parties at war, this 17th century Dutch draughtsman sailed out with his little ship during sea-battles and made drawings of the course of the battle; from Dec 21 to Feb 23

## SAN FRANCISCO

**CONCERT**  
Louise M. Davies Symphony Hall  
Tel: 1-415-864-8000  
● Messiah: by Handel. Conducted by Jeffrey Tate, performed by the San Francisco Symphony and the San Francisco Symphony Chorus. Soloists include soprano Sheryl Woods, mezzo-soprano Marietta Simpson, tenor Stanford Olsen and bass-baritone Philip Skinner; 8pm; Dec 20, 21, 22 (2pm)

## TOKYO

**CONCERT**  
Sunbury Hall Tel: 81-3-35849999  
● NHK Symphony Orchestra: with conductor Charles Dutoit, guitarist Shin-ichi Fukuda and mezzo-soprano Chieko Teratani perform works by Rodrigo, Albéniz and De Falla; 7pm; Dec 18

**EXHIBITION**  
Tokyo Museum of Contemporary Art  
Tel: 81-3-5245-4111  
● Prints by David Hockney: exhibition featuring recent print works by the British artist, covering etching, lithograph, silkscreen and other experimental approaches; to Dec 15

## VENICE

**EXHIBITION**  
Collezione Peggy Guggenheim  
Tel: 39-41-5206288  
● Picasso: L'Atelier: exhibition focusing on Picasso's painting "L'Atelier" (1928) from the Peggy Guggenheim Collection. It is the only painting that Picasso repurchased in order to continue to work on it. Also included in the exhibition is the painting of the same date and title from the collection of the Museum of Modern Art, New York, as well as five drawings from the collection of the Musée Picasso; to Mar 31

## VIENNA

**OPERA**  
Wiener Staatsoper  
Tel: 43-1-514442960  
● Die Schwalben: by R. Strauss. Conducted by Horst Stein, performed by the Wiener Staatsoper. Soloists include Sima, Gonda, Ryd and Skovhus; 7.30pm; Dec 21

## WASHINGTON

**EXHIBITION**  
Arthur M. Sackler Gallery  
Tel: 1-202-357-2700  
● Art of the Persian Courts: this exhibition includes nearly 100 paintings, manuscripts, drawings, works of calligraphy and objects showing some of the literary and pictorial traditions supported by the Persian courts and highlights the influence of Persian culture across the Islamic world; to May 4

**MUSICAL**  
National Theatre  
Tel: 202-628-6161  
● Whistle Down the Wind: by Lloyd Webber/Stearn. Directed by Harold Prince. The cast includes Irene Molloy and Davis Gaines; Tue - Sat 8pm, Sun 7pm, Sat, Sun also 2pm; to Feb 9 (Not Mon)

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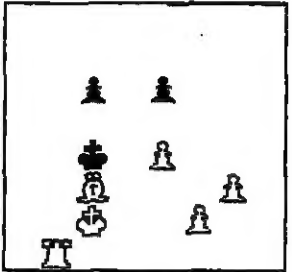
## CHESS

Adjusting your outlook when the advantage changes hands is the hardest aspect of chess psychology, and a skilled player can exploit a rival's inflexible stance. Thus when your opponent has had a good position for many moves but has just let it slip, a draw proposal is good. It will normally be refused, and if the refuser's position then worsens, the memory of the spurned half point can induce panic. This may sound simplistic, but it works.

There's a similar tale in this game from the UK League, where the Northumbrian team of north-easterners and Scots has been a revelation (C McNab v S Ansell), 1 e4 c5 2 Nf3 Nc6 3 g3 g5 4 Bg2 Bg7 5 Nc3 e5. The exchanging Nd4 is best. Black plans Ng7, but is surprised by a rare gambit.

6 d4 cxd4 7 Nxd5 d5 e5 8 Nf6 Kf8 9 Ng5 is risky, so Black should try 7...d6 8 Nf4 Nd4 9 Nxd4 as when the fine g2 bishop and the weak d6 pawn favour White but great defenders like Korchnoi have saved worse positions. Instead, Black is unsettled by the switch from dull symmetry to open play, and tries for a refutation.

8 exd5 Qa5-9 Nd2 Qxb5 10 dxc6 Ne7 If bxc6 11 Ne1 is strong. 11 e4 Qa6 12 b4! This is probably what Black missed. Instead 12 cxb7 Bxb7 eases the defence. Nd5 Trying to close the diagonal. If bxc6 13 b5 Qb7 14 Ne4 with Na5 or Nd6 regains the pawn. 13 b5 Qa5 14 Bb3! Keeps the BK in the centre. bxc6 15 0-0 cxb5 16 axb5 d3? If Qxb5 17 Ne4 and all White's pieces join the attack, so Black lashes out. 17 Bxd5 exd5 18 Bb2 Qxb5 19 Bxg7 Rg8 20 Bd4 Resigns. Black sees that dxe2 loses a piece to 21 Re1 Bg4 22 f2.



No 1158  
White mates in four moves, against any defence (by A. Panaleev).

Solution Page 11

Leonard Barden

## BRIDGE

More than 3,000 players descended on San Francisco for the 70th North American Championships last month. A small contingent of British players were present: Paul and Jason Hackett, finished fourth in the Life Masters Pairs and Andrew Robson and Tony Forrester finished second in the teams.

N  
♠ Q 8 7 3  
♥ A 10 9 2  
♦ A J 10 6 2  
♣ -  
W  
♠ A K 9 7 4 2  
♥ A K 10 9 8 5  
♦ K  
♣ -  
E  
♠ -  
♥ 10  
♦ 4 3  
♣ J 7 6 5  
♠ K Q 9 5 4 3

In the Women's Life Masters, the winners, Barbara Sion and Suzy Burger, picked up some vital match-points by making an over-trick on this slam hand from the final session.

East-West were vulnerable. West dealt and opened 1S, North doubled, and East raised to 4S, showing a very weak hand, but with long trump support. South bid 5C, and West jumped to 6S. This was passed out, and North led A♠. West ruffed this, drew trumps, and cashed 5AK.

Deciding that North's double marked her with QV, declarer led 10♥ and, when North smoothly played low, she refused to ruff. In dummy, and pitched a diamond. When this held, she led another heart, ruffed North's Q♥, returned to hand with a club ruff, and pitched all dummy's diamonds on her winning hearts.

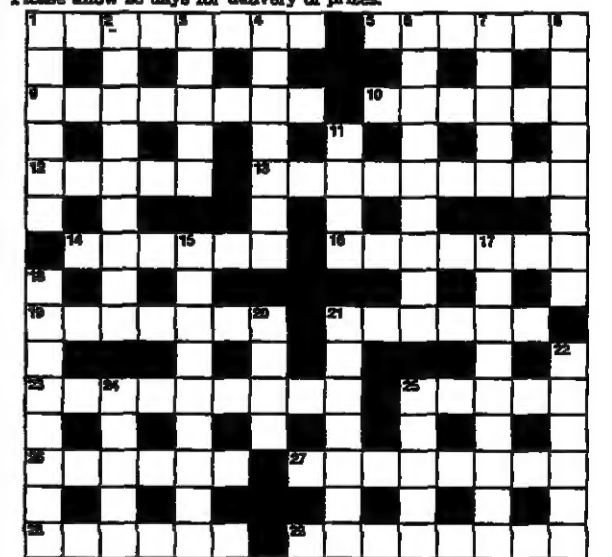
Some Norths preferred a 2C overall rather than double. At a few tables this led to North-South finding the excellent sacrifice of 7C, which only fails by an easily affordable three tricks.

Paul Mendelson

## CROSSWORD

No. 9,251 Set by DINMUTZ

A prize of a classic Pelikan Souvenir 800 fountain pen for the first correct solution opened and five runner-up prizes of 250 Pelikan vouchers. Solutions by Tuesday December 24, marked Crossword 9,251 on the envelope, to the Financial Times, Number One Southwark Bridge Road, London SE1 1TA. Solution on Saturday December 28. Please allow 28 days for delivery of prizes.



Name: \_\_\_\_\_  
Address: \_\_\_\_\_

- ACROSS**
- 1 Stress of unfortunate misshape (8)
  - 5 Crush the spirit (6)
  - 9 Chaotic time for Anna (8)
  - 10 Battle exercise (5)
  - 12 First capital gains tax for the racecourse (5)
  - 13 A1 garage for treatment of spasmodic pain (5)
  - 14 Small cat called Booty, in the air (5)
  - 16 Small volume can be hindrance to libretto (7)
  - 19 Knock out of condition (8,4)
  - 21 High court judge? (5)
  - 22 Type of defence not recommended for prison-building (5)
  - 25 Oriel-designed flower of France (5)
  - 26 Bloomer made by Wooster's aunt (5)
  - 27 Going on for final university call? (8)
  - 28 See the gathering, or hold (5)
- DOWN**
- 1 English prawn cooked in envelope (6)
  - 2 Fuzz found in end of Brie - complain bitterly! (3)
  - 3 Everybody with old books to give out (5)
  - 4 Popular notion of earliest times (7)
  - 6 Bird fitted with a ruffed gas in the beginning (5)
  - 8 Do in a battery? (3-5)
  - 11 How foolish of the French doctor (4)
  - 17 Vicar lied, surprisingly, knocking off the grub! (8)
  - 18 These campaigns scared us, formerly (5)
  - 20 Pat the ox (4)
  - 21 Flying, comes to earth in area of high ground (7)
  - 23 Clubs of women over borders (5)
  - 24 Difficult chore, making pigment (5)
  - 25 Woman left vibes (5)

**SOLUTION 9,250**

**COURTIER BEHOLD**  
A T R L M M O  
N U T R O G E N M A K E U P  
E L C L H R C L E  
P E R I T E D I A N A D E  
G M N A F T V  
C O G E N T W I N D M I L E  
S X O I L E  
A U T O C R A T E S Y N O D  
A H K R N  
K I T T I N G I N C E A S E  
S H O V O O P A  
I R O N I C P A Y M E N T  
O H A E S E  
E N A G E C R A S H A P E R

**PRIVATE EYES**  
C R E A T I V E  
M A K E U P  
O L D S O A L T  
P R I E T E D I A N A D E  
U N I A R B I  
O U T L A N D I S H S E A  
S O W R E  
L O C K I N T R A C T I O N  
A H H P R M S  
S E A L S U N B A S E  
T N P O B A I L  
E M O T I O N A I R M A T E  
H I E R  
S A I N T A R C H I T E

**WINNERS 9,250:** D.L. Gibson, Craven Arms, Shropshire; J. Barrett, Brussels, Belgium; D. Griffiths, Hampton Wick, Surrey; Mrs M. Leiman, Fulwood, Preston; J.P. Priestley, Manchester; K.E. Williams, Bretton, Peterborough.





James Morgan

## What's in and what's out of Africa

The French seem to be worried about losing their influence to quiet Americans

Ouagadougou, the capital of Burkina Faso, is a pleasant little town in west Africa. The French left behind a Champs-Élysées, a fine restaurant run by nuns and an omnipotent bureaucracy. But French neo-colonialism has a poor reputation. It imposed the wrong kind of order and failed to eliminate disorder. One forgets that in its early years it appeared vastly superior to the post-colonial vacuum that the British left in Africa. Since the British tried to do very little, they have emerged with less credit than the French, who tried

to do everything and failed.

I recall a crisis in Abidjan, the capital of the Ivory Coast, many years ago which epitomised the French problem. It emerged when the police drew the body of a white prostitute from the *lac* around which Abidjan stands. Investigations showed that she had been transferring what was then a vast sum, the equivalent of maybe \$50,000 a year, out of the country. Those who could do sums reckoned that the police had stumbled upon data that showed why the Ivorian balance of payments never seemed to balance. There were two dozen

women who shared both the race

and calling of the poor unfortunate

whose body had been found.

And so an approach was made

to the *directeur du plan*, a Jesuit.

Should he re-configure the

accounts in such a way as to

reflect the loss to the country

occasioned by such transfers?

"No," he said. "The systems

employed by Insee (the French

statistical service) make no

allowance for this category of

transaction."

The 19th Franco-African Summit

was held a few days ago in

Ouagadougou. Le Monde found

the occasion a source of bitter-

ness. "Jacques Chirac has

arrived in the capital of Burkina

Faso to debate, with the rep-

resentatives of 47 African coun-

tries, the questions of good gov-

ernance and development" at the

very moment when the interna-

tional press expatiates on the

incapacity of the Parisian

authorities to govern.

The word *gouvernance*

enthralled France's press. Sud-

Ouest remarked that it intrigued

more than it informed. "It is

meant to indicate, if one under-

stands it right, the opposite of

the bad habits which concern

misappropriations of foreign aid,

undemocratic practices, fratri-

dal struggles and even the wor-

ries of entrepreneurs."

Another paper had to consult a

dictionary to find that *gouver-*

nance could mean a governor's

residence or the administrative

services of Senegal. But accord-

ing to the invaluable Petit Rob-

ert, it is a balliwick of Artois and

Flanders in the 13th century.

So it was that Le Courrier

Picard - right in that part of the

world - said *gouvernance* may

have started out as a French

word but its present meaning

derived entirely from the

English, and that summed up

the way the world is. "In short,

the Americans, without even

showing it, are gradually carving

out for themselves a place in the

African sun."

This theme was taken up

everywhere. France's attempted

interventions in Africa had

failed. She had compromised her-

self and her principles by her

involvement. France had tacitly

supported whatever was the

opposite of *gouvernance*. "Africa

is no longer our backyard,"

lamented *Ouest-France*.

All this because of a word.

And yet *gouvernance* was hardly

known in English until Harold

Wilson wrote a book called *The**Governance of Britain* after his

prime ministership nearly 20

years ago. It was considered

pompous, even pretentious, at

the time. It is now the word by

which much of the world is

judged, for it has become synon-

ymous with virtue. Even the

adjective "good" which normally

preceded it has been dropped.

*Gouvernance* is, in fact, exactly

what the French were trying to

ensure with their African

Champs-Élysées and uncompro-

mising bureaucracy.

■ James Morgan is BBC World

Service economics correspondent.

Private View/Christian Tyler

## A single-minded search for peace

John Hume, tireless campaigner for a solution in Northern Ireland, is an unlikely hero

It has been a bad year for the dogged John Hume, and the strain is beginning to tell. In February the IRA ceasefire which he had engineered - and for which he was hotly tipped to win a Nobel Peace Prize - collapsed after 18 months. Summer brought inflammatory Orange marches as talks on the province's future became bogged down.

As the year-end approached, his further intense round of mediation to find terms for restoring a ceasefire seemed to be petering out, while the threat of an IRA Christmas bombing campaign loomed.

The moderate face of Northern Irish nationalism, leader and co-founder of the Social Democratic and Labour party, Hume is feeling the effects of 30 years struggling for an end to violence. He says he is suffering from a complaint he never really believed in - stress. He has pains in the stomach, bouts of anxiety and sleepless nights. His doctor has warned him to take up some interest outside politics. "But I don't like playing golf," he told me when we met at the British Parliament. "This is my life."

As mediator and peace-maker, John Hume is treated on both sides of the Atlantic with something close to veneration. Underneath, of course, he is a politician with an agenda - to secure what he sees as the suppressed democratic rights of the Catholic minority in the province.

A hard man to read, and by all accounts a hard man to know, he combines the imperturbability of a successful school headmaster with the unshakable optimism of the missionary. To the outside world he seems a pensive, uncharismatic sort of hero.

There is no doubting his courage, or that of his extrovert wife Pat who acts as his manager, secretary, travel agent and constituency helper. His house has been picketed by IRA supporters, firebombed by hooded men, and daubed with slogans. Two family cars were wrecked. Not surprisingly, the couple sent their five children away to school.

Whether in the face of physical danger or political despair, Hume shows an optimism that is almost perverse until you remember that there is really only one political topic on his agenda.



The doctrine of an eye for an eye leaves everybody blind

about their problems was natural to someone who was lucky to get educated."

Hume was one of the first Catholic children to sit the 11-plus examination, which took him to the local St Columba's College and later to a degree in French and history at Maynooth College, County Kildare. He travelled to France before ever setting foot in England, and became a fluent French speaker.

This planted the seed of a passionate internationalism. He also studied at a seminary for three years. When I asked him why, he replied quietly: "That's not something I ever talk about." I was left to speculate that so close an encounter with what the Unionists still call "Popery" could only further damage him in the eyes of his political opponents.

I asked him if his religious upbringing had motivated him.

"Well, it's to do with my basic overall philosophy of life, which many people share. Of different religions. People are more important than territory. Violence is no solution because it only creates the doctrine of an eye for an eye, which leaves everybody blind. And it's ordinary common sense. When you see walls dividing one group of Christians from another, where has love-thy-neighbour gone?"

Although famously long-winded for an age in which the public meeting has been replaced by the quick TV interview, and with a notoriously repetitive style, Hume is not a mere sermoniser.

Self-help is one of his mottos. At the age of 28 he organised the first credit union in the province, a pool of savings and low-interest loans for neighbours and co-workers. "I am very proud of that," he said. "It became the greatest co-operative movement in the history of Ireland." He also started the Derry Housing Association in reply to "the loan sharks making money out of poor people".

Back in the 1960s, before being swept into politics by the civil rights movement, Hume had suggested bottling water, *à la française*. He got the reply: "Sure, there's enough water coming out of taps."

"And I had the same idea about salmon. We had the biggest salmon river in western Europe and we were

sending off salmon elsewhere to be smoked. I said 'Why don't we smoke our own?' I went in with a friend, another founder of the SDLP. One of my first orders was for the QE2." He laughed. "On the day I was elected (to the Northern Ireland parliament in 1968) I sold my interest. I don't believe a politician should have business interests. But I would have been a rich man if I had stayed in."

He has campaigned successfully in the US in particular, for inward investment for the job-starved city, and

**'The accident of birth should never be the source of hatred or conflict but rather of respect'**

has the local reputation as something of a miracle-worker. He quoted another of his favourite rubrics: "Our heads and hands are as good as theirs (the Protestants). So let's use them and stop complaining."

Hume was also a teacher for a time, and his schoolmasterly manner is deliberate. He confessed this while explaining another of his political tenets, derived from his hero, the black American civil rights leader Martin Luther King (John F. Kennedy is another hero).

Difference, he said, must be seen as an accident of birth. "None of us chose to be born. That accident

should never be the source of hatred or conflict. It should be the source of respect, because humanity transcends all of those things."

We can all say 'Amen' to that, I replied. But how will you get this message of solidarity across to the Unionists, who think they are being asked to surrender something?

"My method is to make myself clear - and this is the old teacher in me - by repeating my language very often."

"Political leadership is like being a teacher. If I can say that without sounding pedantic. It's about changing the language of others. I say it and go on saying it until I hear the man in the pub saying my words back to me."

Hume is much less sombre at close quarters than he appears on television; he is affable, even jocular. But you can see his mind drifting away when the conversation flags. He likes the long political discussions he does on French television and regrets the passing of the public hall. When I first asked him why the Unionists appeared not to be hearing his message of peace and protection for both communities in Northern Ireland, he said: "My preference would be to go into a major hall full of them and speak to them and have them question me. Dialogue does change attitudes."

You should get an invitation from an Orange Lodge.

"I would love to address an Orange Lodge."

Have you asked for an invitation?

"No, I haven't."

His idea for a solution, based as it is on a pro-European Union and post-national-

ist view of the world, must seem fanciful indeed - if not downright dangerous - to the Protestant farmers and Orange Lodge members represented by the Rev Ian ("No Surrender") Paisley of the Ulster Unionists and a fellow Westminster MP. And Hume recognises that hardline Unionists and rightwing Eurosceptics are the same people.

Yet he continues to insist that the issue is no longer territory, but community, no longer sovereignty but the protection of culture, ethos and identity; that it is not about "simplicity" majority rule but a new political arrangement, an agreed basis of government which both sides see as fair, sponsored by Westminster and Dublin and endorsed by referendums of the people both sides of the border.

Are you saying the Unionists can give you something without losing anything themselves?

"I think yes. Northern Ireland was unnaturally created. Imagine trying to settle South Africa like that? Would you ever have had peace?"

You talk a lot about "unity in diversity". Do you put unity before unification?

"By unity I mean agreement. I don't mean one part of the country taking over the other. As I've often said, it's people who have rights, not territory. Without people, Ireland is only a jungle."

I asked John Hume how long he could keep going. He said he had turned down the idea of standing for the presidency of Ireland if Mary Robinson decides not to seek a second term next year.

And what about that Nobel Prize. Do you ever think about it?

"No. The only prize I want is peace in my country."

Peter Aspden

## An age for the 'even wilder'

As modern constraints tighten we find our myths are written in the headlines



Perhaps it is out of respect for the integrity of my colleagues all over the world, perhaps I am just naturally glib, but I have to confess that my first reaction to reading any newspaper headline is to believe it.

This can be very silly, and a waste of valuable time. Earlier this week, for instance, I was seduced - there is no other word for it - by the mind-numbing words, "I made love to Charlie Sheen 44 times in one weekend". A little improbable, I know, but just for a moment, I was prepared to buy it.

My mind mullied over the stark statistic, and supplemented it with fresh figures of its own: 1.09 (recurring) couplings per hour for two whole days; possible, I guess.

I read the story, with that uncomfortable mixture of prurience, incredulity and embarrassment which has largely taken the place of good, old-fashioned reading-and-believing.

Gradually, the forces of logic began to assert themselves. By the time I reached the end of this sorry tale of lost lust, I had fully recovered my wits. It was a story I should never have read, a headline I should have treated on the same level of verisimilitude as sightings of Elvis Presley in Rhodes.

But further down the street, I was at it again. This time it was the front page of London's Evening Standard, "Why office parties are getting even wilder". Not just wilder, but even wilder. How long had this trend been in progress? Since the beginning of the 1980s? The second world war? The Age of Enlightenment? The issue had particular resonance as I

was on my way to the Weekend FT Christmas party. What could I expect?

Inside the paper, I read sundry accounts of Charlie Sheen-esque escapades, wrapped skillfully by the perfectly plausible thesis that the workplace is today so mobile that office partygoers can behave - or, indeed, feel the need to behave - as outrageously as possible. Come are the binding ties which inhibit wild conduct. Morality, it might have added, is just a question of what you can live with when you wake up in the morning.

Christmas party wildness is a classic symptom of a work-hard, play-hard society. The more people live for their work, the more they bottle up all those feelings of joyful expression: come the once-a-year festival of fun, they explode. We are used to Christmas having lost its religious sense; now, with

our links to gainful employment proving as tenuous as those to our spirituality, little is left to anchor our excesses.

We all know about the effects of over-work; but is it possible to play too hard? It seems it is, in the most literal sense, as I discovered from my third favourite headline of the week, this time from The Guardian, "Too-fast music could cost nightclubs their licences".

This referred to new safety guidelines in the UK ordering clubs to play slow songs if they noticed dancers getting "over-excited or exhausted".

The guidelines were prompted, sadly, by the number of ecstasy-related deaths, most of them as a result of over-heating or liver or heart failure. The technology of dance music renders it capable of delivering more than 120 beats per minute, driving dancers

ever more frantic in their pursuit of pleasure. In conjunction with taking ecstasy, it can be deadly, so if you cannot always control the intake of the drug, you might as well kill the beast.

So now it is official: there has to be a limit to the wildness. Unrestrained revelling can be extremely bad for your health, and there is a place for all those sloppy ballads in our lives after all.

Needless to say, none of this had any impact on the Weekend FT party, which moved at a somewhat more stately pace than 120 beats per minute.

In fact, it seems to me that the only world in which boundaries seem to extend ever more outward, and in which Bacchic revelry twists into ever more contorted forms in its thirst for transcendence, is that of the headline-writers. They are the myth-makers of our age, so treat them kindly.

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مكتبة القرآن



## WEEKEND INVESTOR

## Rights issues

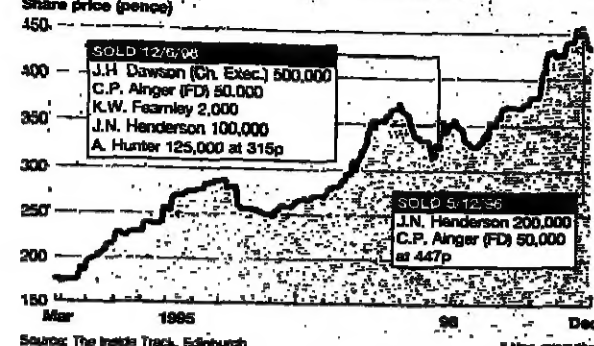
Compel Group is to raise approx. £14.2m via an 11-18 rights @ 180p.  
Shafesbury is to raise £26.5m via a 3-8 rights issue @ 137p.  
Wickes is to raise £52.2m via a 1-10 rights @ 150p.

## Offers for sale, placings &amp; introductions

Hemocell is to raise £2m net via a placing and open offer and transfer of listing from USA to AIM.  
IMS is to raise approx. £5m via a flotation.  
Tovex is to raise £1.95m via a placing & open offer of 5.3m shares @ 43p.

## Expro International

The second largest sale of the week followed substantial selling earlier this year at the oil exploration and production company.



## Directors' share dealings

Transactions in own companies  
December 2-6 1996

Company	Director	Shares	Value £'000	No of directors
<b>SALES</b>				
Abacus Polar	Int'l	53,897	288	1
Abbey National	Dist	25,880	41	1
Abbot Mead Vickers	Media	3,000	21	1
Body Shop Int'l	Media	525,000	338	1
Castle Mill	Text	84,800	136	1
CLS Holdings	Prop	500,000	16	1
Courts	RetG	230,000	255	1
Cov Insurance	RetG	1,000	11	1
Evans of Leeds	Prop	500,000	750	1
Expro Int'l Corp	Oil	26,795	37	2
Gleason (ML)	RetG	250,000	1118	1
Hameys Group	RetG	4,000	85	1
L. Gardner	RetG	5,000	21	1
Mercury Asset Mgmt	RetG	577,750	1011	2
Prohibition	PPAP	5,000	81	1
Polymac Pharm	Pharm	3,400	13	1
RM	Uncl	14,000	18	1
RPT Mgmt	Prop	400,000	2480	2
Trinity Care	Prop	110,080	122	1
Watermark Group	Hth	15,000	26	1
Abbeywest	Media	100,000	26	1
Booker	Dist	60,000	64	1
Carton Comm	Dist	20,000	93	1
IMI	Media	69,705	388	1
Land Securities	Eng	100,000	875	1
Saleway	Prop	23,400	173	2
United Assu	RetG	256,750	975	3
United Assu	Uncl	312,832	1486	1
<b>PURCHASES</b>				
Alumac	Eng	10,000	39	1
Asset Mgmt Int'l	Int'l	42,500	85	1
Courtauld Text	Text	9,000	29	2
Crest Nicholson	RetG	67,500	9	2
Farway	PPAP	66,535	98	1
Gut Group	Dist	80,000	38	2
GKN	EngV	3,000	94	1
Global Group	RetG	300,000	64	1
Grampian Holdings	Dist	18,000	20	1
Hollis Group	Text	330,000	20	1
Johnson Mathew	Eng	5,000	27	1
Mercury Asset Mgmt	RetG	13,061	189	1
MTI Instrument	Dist	17,500	32	2
Nitin Investors	Int'l	60,000	130	1
On Demand Info	Media	20,000	12	2
Photobank	PPAP	10,200	36	1
Racal Electronics	Dist	40,000	62	1
Scottish Radio	Media	15,500	55	2
Sidlow Group	PPAP	21,551	34	1
Stirling Inds	Eng	10,000	30	1
Thom	Media	4,000	12	1
Topo Estates	Prop	10,000	10	1
Wellman	Eng	100,000	29	1

Companies must notify the Stock Exchange within five working days of a share transaction by a director. This list contains all transactions (listed and AIM), including exercise of options (if 100% subsequently sold, with a value over £10,000, information released by the Stock Exchange. Shares traded are ordinary. Source: The Inside Track, Edinburgh. 0151-598 7070. Last week's mention of Transcat was incorrect with no significant directors' transactions taking place.

## Results due next week

Company	Sector	Announc date	Last year interim	Dividend (p)	This year interim
<b>FINAL DIVIDENDS</b>					
Acas & Hutchison	PPAP	Thursday	3.5	5.5	3.5
Burndes Int'l	Uncl	Monday	0.75	1.75	0.75
Chemco International	Spv	Tuesday	-	0.15	-
Davison Hldgs	AM	Wednesday	10.0	20.0	12.0
Eurotherm	Dist	Tuesday	3.0	4.0	4.0
Freemove	AM	Wednesday	0.2	0.35	-
Goldborough Health Care	Int'l	Tuesday	1.2	2.7	1.22
Hill Samuel UK Emp Co's	Int'l	Tuesday	-	-	-
Hunter Amity	PPAP	Monday	1.5	3.0	1.5
Kelley Industries	Eng	Friday	6.0	18.0	6.0
Kurck	AM	Tuesday	0.25	0.35	0.3
Richards	Text	Wednesday	1.07	0.93	1.07
Secunor	Text	Tuesday	-	0.354	-
Spence (CA)	Text	Wednesday	-	25.0	-
Vaux Group	Brus	Tuesday	3.45	6.75	3.52
Warner Estate Hldgs	Prop	Thursday	3.95	7.9	4.0
<b>INTERIM DIVIDENDS</b>					
ASDA	PPAP	Thursday	0.72	1.93	-
Baring Emerging Europe	Int'l	Tuesday	-	-	-
Crest Partners Venture Cap	PPAP	Tuesday	-	-	-
Crest Packaging	PPAP	Monday	1.375	2.75	-
East Midlands Electric	Dist	Monday	9.2	22.4	-
Electric & General	Int'l	Friday	1.7	1.95	-
Foremster	RMG	Friday	-	2.27	-
Globe New	Brus	Monday	4.0	8.0	-
Hampton Trust	Prop	Tuesday	-	-	-
Henderson Highland Tot	Int'l	Thursday	1.5	1.5	-
Hovenden Group	Eng	Monday	0.95	1.95	-
I & S Optimum Income	Int'l	Tuesday	-	2.15	-
Jason	AM	Monday	-	1.0	-
James & Stipman	Eng	Thursday	-	1.0	-
KPI Biotech	Int'l	Tuesday	-	-	-
MSI Foreure	RMG	Monday	1.5	2.0	-
Microm	Dist	Friday	1.65	3.35	-
Morris	AM	Tuesday	-	3.45	-
Murray Smith Mktg Trust	Int'l	Wednesday	1.5	-	-
Murray Spil	Int'l	Thursday	-	-	-
NSM	Eng	Monday	1.5	-	-
Phar	Prop	Monday	2.0	3.0	-
Puregan Int'l Capital Tot	Int'l	Thursday	1.9	-	-
Rolle & Nolan	Spv	Wednesday	-	-	-
Stewart & Wright	Prop	Thursday	-	150	-
Zorg	AM	Wednesday	-	-	-

\*Dividends are shown net of tax and are adjusted for any intervening tax cuts. Reports and accounts are not normally available until about six weeks after the board meeting to approve preliminary results. 11 Yearly Dividend shown. \* 3rd quarterly. The list is not necessarily comprehensive since companies are no longer obliged to notify the Stock Exchange of imminent announcements.

## New issues

## Small companies hit

The new issues market was jolted this week, with the cancellation or scaling back of several flotations, writes Christopher Price.

The move followed the sharp fall in the London stock market the previous week.

Smaller company floats, were hardest hit with investors wary of putting money into stocks considered more risky than safer havens such as blue chip investments.

Wise Speke, the Newcastle stockbroker, Discovery Inns, the pub group, and Morgan Crucible, the industrial ceramics and specialty materials group, all postponed their float plans at the beginning of the week.

Also, fund managers were said to be questioning the prices being asked by brokers to the estimated 40 flotations in the pipeline, with smaller companies again first in the firing line.

Discovery Inns said it

Christopher Price

## Last week's preliminary results

Company	Sector	Year	Profit (£'000)	Revenue (£'000)	Dividend (p)
API Group	PPAP	Sep	16,820 (3,350)	31,44 (27.11)	11.8 (18.8)
Adrian	Int'l	Sep	60,820 (29,400)	42,22 (24.94)	16 (14)
Adrian	Int'l	Sep	40,400 (23,200)	17.1 (15.4)	52.1 (7)
Adrian	Int'l	Sep	3,810 (2,170)	8.0 (7.7)	41 (3.9)
Adrian	Int'l	Sep	57,043 (33,611)	25.6 (28.44)	30 (28)
Adrian	Int'l	Sep	77,400 (18,220)	379 (1.22)	- (3.75)
Adrian	Int'l	Sep	21,500 (10,200)	30.6 (22.8)	18 (17.7)
Adrian	Int'l	Sep	2,550 (1,710)	4.07 (3.58)	3.35 (3.58)
Adrian	Int'l	Sep	88 (800)	- (1.4)	1.25 (1.39)
Adrian	Int'l	Sep	5,220 (6,800)	6.12 (5.93)	3.7 (3.7)
Adrian	Int'l	Sep	3,820 (2,800)	6.79 (4.23)	1.8 (3.75)
Adrian	Int'l	Sep	3,800 (6,800)	3.5 (3)	- (1)
Adrian	Int'l	Sep	5,110 (5,910)	22.6 (24.3)	17.6 (16.8)
Adrian	Int'l	Sep	5,700 (3,350)	- (1)	2.75 (2.75)
Adrian	Int'l	Sep	12,700 (7,100)	31.8 (22.8)	4.8 (7.6)
Adrian	Int'l	Sep	3,140 (10,000)	3.4 (1)	2.25 (2.8)
Adrian	Int'l	Sep	85,500 (60,000)	84.1 (45.2)	184 (17.4)
Adrian	Int'l	Sep	48,250 (30,3)	3.54 (3.24)	9 (9)
Adrian	Int'l	Sep	3,080 (2,170)	5.45 (3.93)	1.4 (1.75)
Adrian	Int'l	Sep	2,220 (3,800)	5.84 (7.33)	2.2 (2.16)
Adrian	Int'l	Sep	4,780 (4,200)	6.47 (5.98)	2.84 (2.3)
Adrian	Int'l	Sep	1,000 (2,000)	3.4 (4.28)	3.75 (3.65)
Adrian	Int'l	Sep	1,000 (2,000)	1.2 (2.8)	1.4 (1.4)
Adrian	Int'l	Sep	117,400 (108,700)	32.1 (30.5)	18.4 (14.3)
Adrian	Int'l	Sep	42 (571)	- (1)	- (1)
Adrian	Int'l	Sep	1,230 (2,500)	- (1)	- (1)
Adrian	Int'l	Sep	5,310 (4,500)	5.8 (4.3)	1.88 (1.4)
Adrian	Int'l	Sep	3,820 (6,400)	5.85 (8.94)	3.2 (5.81)
Adrian	Int'l	Sep	381 (7)	2.5 (1)	- (1)
Adrian	Int'l	Sep	8,810 (8,270)	27.2 (25.8)	11 (8.7)
Adrian	Int'l	Sep	3,000 (7,300)	5.7 (17.8)	8.7 (8.7)
Adrian	Int'l	Sep	3,300 (6,500)	30.2 (40.9)	30.2 (30.2)
Adrian	Int'l	Sep	18,200 (18,600)	8.5 (2.0)	7.1 (1.1)
Adrian	Int'l	Sep	280,300 (281.8)	5.85 (4.75)	4.38 (3.9)
Adrian	Int'l	Sep	180 (161)	- (1)	- (1)
Adrian	Int'l	Sep	2,690 (1,100)	11.29 (5.7)	4.75 (4.75)
Adrian	Int'l	Sep	5,950 (7,700)	4.38 (4.58)	1.75 (1.75)
Adrian	Int'l	Sep	23,100 (22,400)	18.5 (18.28)	2.84 (2.4)
Adrian	Int'l	Sep	3,870 (2,800)	5.45 (7.16)	2 (1.5)
Adrian	Int'l	Sep	882 (23)	4.85 (3.3)	3.25 (2.8)
Adrian	Int'l	Sep	1,010 (1,810)	10.85 (10.25)	4.4 (4.7)
Adrian	Int'l	Sep	4,440 (4,140)	14.01 (13.10)	16.86 (16.86)
Adrian	Int'l	Sep	12,900 (12,500)	11.9 (8.5)	4.5 (1)
Adrian	Int'l	Sep	380 (34)	5.8 (3.38)	- (1)
Adrian	Int'l	Sep	580 (1,310)	0.34 (1)	2.5 (4.5)
Adrian	Int'l	Sep	776 (1,600)	3.11 (10.24)	3.5 (3.65)
Adrian	Int'l	Sep	784 (443)	0.52 (0.57)	0.6 (0.5)
Adrian	Int'l	Sep	43,300 (43,300)	85.7 (45.9)	77.8 (15.3)

## Last week's interim results

Company	Sector	Half year to	Profit (£'000)	Revenue (£'000)	Dividend (p)
Adrian	Int'l	Sep	1,430 (2,300)	1.25 (1.25)	-
Adrian	Int'l	Sep	9,530 (9,400)	3.6 (3)	-
Adrian Group	Int'l	Sep	300 (10,200)	- (1)	-
Anglo Union	Prop	Sep	175 (10)	- (0.75)	-
Anglian Estates	Prop	Sep	9,350 (8,900)	2.25 (1.7)	-
Anglia (MS)	Prop	Sep	6,060 (5,700)	8.5 (8.5)	-
Anglo-Continental	Int'l	Sep	1,000 (1,000)	1.5 (1)	-
Anglo-Continental	Int'l	Sep	30,100 (19,000)	2.5 (2.2)	-
Anglo-Continental	Int'l	Sep	1,200 (1,000)	0.31 (0.28)	-
Anglo-Continental	Int'l	Sep	144,500 (143,77)	- (1)	-
Anglo-Continental	Int'l	Sep	7,270 (6,400)	15.85 (13.75)	-
Anglo-Continental	Int'l	Sep	34,200 (16,500)	2.52 (2.79)	-
Anglo-Continental	Int'l	Sep	17,400 (13,500)	4.9 (4.58)	-
Anglo-Continental	Int'l	Sep	3,270 (1,750)	1.0 (0.92)	-
Anglo-Continental	Int'l	Sep	88.4 (1)	- (1)	-
Anglo-Continental	Int'l	Sep	7,120 (6,200)	3.44 (3.44)	-
Anglo-Continental	Int'l	Sep	48,100 (44,400)	2.85 (2.8)	-
Anglo-Continental	Int'l	Sep	1,000 (1,000)	0.85 (0.85)	-
Anglo-Continental	Int'l	Sep	1,140 (434)	0.5 (0.5)	-
Anglo-Continental	Int'l	Sep	2,220 (2,000)	0.8 (0.85)	-
Anglo-Continental	Int'l	Sep	1,000 (1,200)	3.0 (3.0)	-
Anglo-Continental	Int'l	Sep	104,700 (108,07)	3 (2.9)	-
Anglo-Continental	Int'l	Sep	905 (531)	0.5 (0.4)	-
Anglo-Continental	Int'l	Sep	22,400 (24,800)	2.0 (1.9)	-
Anglo-Continental	Int'l	Sep	537 (532)	2 (1)	-
Anglo-Continental	Int'l	Sep	748 (250)	1.5 (1.0)	-
Anglo-Continental	Int'l	Sep	212 (337)	0.7 (0.7)	-
Anglo-Continental	Int'l	Sep	100,323 (1,200)	3.7 (3.7)	-
Anglo-Continental	Int'l	Sep	2,070 (2,000)	1.5 (1.7)	-
Anglo-Continental	Int'l	Sep	4,200 (3,280)	4.2 (3.2)	-
Anglo-Continental	Int'l	Sep	410 (331)	- (1)	-
Anglo-Continental	Int'l	Sep	5,210 (5,000)	3.1 (2.92)	-
Anglo-Continental	Int'l	Sep	201 (402)	3.25 (3.17)	-
Anglo-Continental	Int'l	Sep	13,200 (11,100)	4.75 (4.58)	-
Anglo-Continental	Int'l	Sep	17,100 (14,400)	1.21 (1.08)	-
Anglo-Continental	Int'l	Sep	5,510 (4,000)	1.8 (1)	-
Anglo-Continental	Int'l	Sep	288 (304)	3.0 (3.0)	-
Anglo-Continental	Int'l	Sep	1,110 (1,410)	1.35 (1.29)	-
Anglo-Continental	Int'l	Sep	33,440 (34,500)	4.9 (4.58)	-
Anglo-Continental	Int'l	Sep	3,750 (2,500)	5.2 (4.2)	-
Anglo-Continental	Int'l	Sep	272 (116)	- (1)	-
Anglo-Continental	Int'l	Sep	4,410 (502)	1.8 (1)	-
Anglo-Continental	Int'l	Sep	2,800 (3,730)	5.25 (4)	-
Anglo-Continental	Int'l	Sep	610 (240)	- (1)	-
Anglo-Continental	Int'l	Sep	1,930 (1,900)	4.0 (4.0)	-
Anglo-Continental	Int'l	Sep	1,200 (1,970)	4.5 (4.5)	-
Anglo-Continental	Int'l	Sep	60,300 (64,500)	14.3 (11.5)	-
Anglo-Continental	Int'l	Sep	121 (129)	0.7 (0.7)	-
Anglo-Continental	Int'l	Sep	1,110 (1,410)	1.35 (1.29)	-
Anglo-Continental	Int'l	Sep	33,440 (34,500)	4.9 (4.58)	-
Anglo-Continental	Int'l	Sep	3,750 (2,500)	5.2 (4.2)	-
Anglo-Continental	Int'l	Sep	272 (116)	- (1)	-
Anglo-Continental	Int'l	Sep	4,410 (502)	1.8 (1)	-
Anglo-Continental	Int'l	Sep	2,800 (3,730)	5.25 (4)	-
Anglo-Continental	Int'l	Sep	610 (240)	- (1)	-
Anglo-Continental	Int'l	Sep	1,930 (1,900)	4.0 (4.0)	-
Anglo-Continental	Int'l	Sep	1,200 (1,970)	4.5 (4.5)	-
Anglo-Continental	Int'l	Sep	60,300 (64,500)	14.3 (11.5)	-
Anglo-Continental	Int'l	Sep	121 (129)	0.7 (0.7)	-
Anglo-Continental	Int'l	Sep	1,110 (1,410)	1.35 (1.29)	-
Anglo-Continental	Int'l	Sep	33,440 (34,500)	4.9 (4.58)	-
Anglo-Continental	Int'l	Sep	3,750 (2,500)	5.2 (4.2)	-
Anglo-Continental	Int'l	Sep	272 (116)	- (1)	-
Anglo-Continental	Int'l	Sep	4,410 (502)	1.8 (1)	-
Anglo-Continental	Int'l	Sep	2,800 (3,730)	5.25 (4)	-
Anglo-Continental	Int'l	Sep	610 (240)	- (1)	-
Anglo-Continental	Int'l	Sep	1,930 (1,900)	4.0 (4.0)	-
Anglo-Continental	Int'l	Sep	1,200 (1,970)	4.5 (4.5)	-
Anglo-Continental	Int'l	Sep	60,300 (64,500)	14.3 (11.5)	-
Anglo-Continental	Int'l	Sep	121 (129)	0.7 (0.7)	-
Anglo-Continental	Int'l	Sep	1,110 (1,410)	1.35 (1.29)	-
Anglo-Continental	Int'l	Sep	33,440 (34,500)	4.9 (4.58)	-
Anglo-Continental	Int'l	Sep	3,750 (2,500)	5.2 (4.2)	-
Anglo-Continental	Int'l	Sep	272 (116)	- (1)	-
Anglo-Continental	Int'l	Sep	4,410 (502)	1.8 (1)	-
Anglo-Continental	Int'l	Sep	2,800 (3,730)	5.25 (4)	-
Anglo-Continental	Int'l	Sep	610 (240)	- (1)	-
Anglo-Continental	Int'l	Sep	1,930 (1,900)	4.0 (4.0)	-
Anglo-Continental	Int'l	Sep	1,200 (1,970)	4.5 (4.5)	-
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Anglo-Continental	Int'l	Sep	1,110 (1,410)	1.35 (1.29)	-
Anglo-Continental	Int'l	Sep	33,440 (34,500)	4.9 (4.58)	-
Anglo-Continental	Int'l	Sep	3,750 (2,500)	5.2 (4.2)	-
Anglo-Continental	Int'l	Sep	272 (116)	- (1)	-
Anglo-Continental	Int'l	Sep	4,410 (502)	1.8 (1)	-
Anglo-Continental	Int'l	Sep	2,800 (3,730)	5.25 (4)	-
Anglo-Continental	Int'l	Sep	610 (240)	- (1)	-
Anglo-Continental	Int'l	Sep	1,930 (1,900)	4.0 (4.0)	-
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Anglo-Continental	Int'l	Sep	3,750 (2,500)	5.2 (4.2)	-
Anglo-Continental	Int'l	Sep	272 (116)	- (1)	-
Anglo-Continental	Int'l	Sep	4,410 (502)	1.8 (1)	-
Anglo-Continental	Int'l	Sep	2,800 (3,730)	5.25 (4)	-
Anglo-Continental	Int'l	Sep	610 (240)	- (1)	-
Anglo-Continental	Int'l	Sep	1,930 (1,900)	4.0 (4.0)	-
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Anglo-Continental	Int'l	Sep	272 (116)	- (1)	-
Anglo-Continental	Int'l	Sep	4,410 (502)	1.8 (1)	-
Anglo-Continental	Int'l	Sep	2,800 (3,730)	5.25 (4)	-
Anglo-Continental	Int'l	Sep	610 (240)	- (1)	-
Anglo-Continental	Int'l	Sep	1,930 (1,900)	4.0 (4.0)	-
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Anglo-Continental	Int'l	Sep	1,110 (1,410)	1.35 (1.29)	-
Anglo-Continental	Int'l	Sep	33,440 (34,500)	4.9 (4.58)	-
Anglo-Continental	Int'l	Sep	3,750 (2,500)	5.2 (4.2)	-
Anglo-Continental	Int'l	Sep	272 (116)	- (1)	-
Anglo-Continental	Int'l	Sep	4,410 (502)	1.8 (1)	-
Anglo-Continental	Int'l	Sep	2,800 (3,730)	5.25 (4)	-
Anglo-Continental	Int'l	Sep	610 (240)	- (1)	-
Anglo-Continental	Int'l	Sep	1,930 (1,900)	4.0 (4.0)	-
Anglo-Continental	Int'l	Sep	1,200 (1,970)	4.5 (4.5)	-
Anglo-Continental	Int'l	Sep	60,300 (64,500)	14.3 (11.5)	-
Anglo-Continental	Int'l	Sep	121 (129)	0.7 (0.7)	-
Anglo-Continental	Int'l	Sep	1,110 (1,410)	1.35 (1.29)	-
Anglo-Continental	Int'l	Sep	33,440 (34,500)	4.9 (4.58)	-
Anglo-Continental	Int'l	Sep	3,750 (2,500)	5.2 (4.2)	-
Anglo-Continental	Int'l	Sep	272 (116)	- (1)	-
Anglo-Continental	Int'l	Sep	4,410 (502)	1.8 (1)	-
Anglo-Continental	Int'l	Sep	2,800 (3,730)	5.25 (4)	-
Anglo-Continental	Int'l	Sep	610 (240)	- (1)	-
Anglo-Continental	Int'l	Sep	1,930 (1,900)	4.0 (4.0)	-
Anglo-Continental	Int'l	Sep	1,200 (1,970)	4.5 (4.5)	-
Anglo-Continental	Int'l	Sep	60,300 (64,500)	14.3 (11.5)	-
Anglo-Continental	Int'l	Sep	121 (129)	0.7 (0.7)	-
Anglo-Continental	Int'l	Sep	1,110 (1,410)	1.35 (1.29)	-
Anglo-Continental	Int'l	Sep	33,440 (34,500)	4.9 (4.58)	-
Anglo-Continental	Int'l	Sep	3,750 (2,500)	5.2 (4.2)	-
Anglo-Continental	Int'l	Sep	272 (116)	- (1)	-
Anglo-Continental	Int'l	Sep	4,410 (502)	1.8 (1)	-
Anglo-Continental	Int'l	Sep	2,800 (3,730)	5.25 (4)	-
Anglo-Continental	Int'l	Sep	610 (240)	- (1)	-
Anglo-Continental	Int'l	Sep	1,930 (1,900)	4.0 (4.0)	-
Anglo-Continental	Int'l	Sep	1,200 (1,970)	4.5 (4.5)	-
Anglo-Continental	Int'l	Sep	60,300 (64,500)	14.3 (11.5)	-
Anglo-Continental	Int'l	Sep	121 (129)	0.7 (0.7)	-
Anglo-Continental	Int'l	Sep	1,110 (1,410)	1.35 (1.29)	-
Anglo-Continental	Int'l	Sep	33,440 (34,500)	4.9 (4.58)	-
Anglo-Continental	Int'l	Sep	3,750 (2,500)	5.2 (4.2)	-
Anglo-Continental	Int'l	Sep	272 (116)	- (1)	-
Anglo-Continental	Int'l	Sep	4,410 (502)	1.8 (1)	-
Anglo-Continental	Int'l	Sep	2,800 (3,730)	5.25 (4)	-
Anglo-Continental	Int'l	Sep	610 (240)	- (1)	-
Anglo-Continental	Int'l	Sep	1,930 (1,900)	4.0 (4.0)	-
Anglo-Continental	Int'l	Sep	1,200 (1,970)	4.5 (4.5)	-
Anglo-Continental	Int'l	Sep	60,300 (64,500)	14.3 (11.5)	-
Anglo-Continental	Int'l	Sep	121 (129)	0.7 (0.7)	-
Anglo-Continental	Int'l	Sep	1,110 (1,410)	1.35 (1.29)	-
Anglo-Continental	Int'l	Sep	33,440 (34,500)	4.9 (4.58)	-
Anglo-Continental	Int'l	Sep	3,750 (2,500)	5.2 (4.2)	-
Anglo-Continental	Int'l	Sep	272 (116)	- (1)	-
Anglo-Continental	Int'l	Sep	4,410 (502)	1.8 (1)	-
Anglo-Continental	Int'l	Sep	2,800 (3,730)	5.25 (4)	-
Anglo-Continental	Int'l	Sep	610 (240)	- (1)	-
Anglo-Continental	Int'l	Sep	1,930 (1,900)	4.0 (4.0)	-
Anglo-Continental	Int'l	Sep	1,200 (1,970)	4.5 (4.5)	-
Anglo-Continental	Int'l	Sep	60,300 (64,500)	14.3 (11.5)	-
Anglo-Continental	Int'l	Sep	121 (129)	0.7 (0.7)	-
Anglo-Continental	Int'l	Sep	1,110 (1,410)	1.35 (1.29)	-
Anglo-Continental	Int'l	Sep	33,440 (34,500)	4.9 (4.58)	-
Anglo-Continental	Int'l	Sep	3,750 (2,500)	5.2 (4.2)	-
Anglo-Continental	Int'l	Sep	272 (116)	- (1)	-
Anglo-Continental	Int'l	Sep	4,410 (502)	1.8 (1)	-
Anglo-Continental	Int'l	Sep	2,800 (3,730)	5.25 (4)	-
Anglo-Continental	Int'l	Sep	610 (240)	- (1)	-
Anglo-Continental	Int'l	Sep	1,930 (1,900)	4.0 (4.0)	-
Anglo-Continental	Int'l	Sep	1,200 (1,970)	4.5 (4.5)	-
Anglo-Continental	Int'l	Sep	60,300 (64,500)	14.3 (11.5)	-
Anglo-Continental	Int'l	Sep	121 (129)	0.7 (0.7)	-
Anglo-Continental	Int'l	Sep	1,110 (1,410)	1.35 (1.29)	-
Anglo-Continental	Int'l	Sep	33,440 (34,500)	4.9 (4.58)	-
Anglo-Continental	Int'l	Sep	3,750 (2,500)	5.2 (4.2)	-
Anglo-Continental	Int'l	Sep	272 (116)	- (1)	-
Anglo-Continental	Int'l	Sep	4,410 (502)	1.8 (1)	-
Anglo-Continental	Int'l	Sep	2,800 (3,730)	5.25 (4)	-
Anglo-Continental	Int'l	Sep	610 (240)	- (1)	-
Anglo-Continental	Int'l	Sep	1,930 (1,900)	4.0 (4.0)	-
Anglo-Continental	Int'l	Sep	1,200 (1,970)	4.5 (4.5)	-
Anglo-Continental	Int'l	Sep	60,300 (64,500)	14.3 (11.5)	-
Anglo-Continental	Int'l	Sep	121 (129)	0.7 (0.7)	-
Anglo-Continental	Int'l	Sep	1,110 (1,410)	1.35 (1.29)	-
Anglo-Continental	Int'l	Sep	33,440 (34,500)	4.9 (4.58)	-
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# Weekend Investor

Wall Street

## Even oracles have their problems

Post-Greenspan, John Authers takes a closer look at the entrails

Wall Street needs its oracles. And its most powerful is Alan Greenspan, chairman of the Federal Reserve, the man who has the power to raise interest rates. But oracles have a problem, which dates back to when the Greeks went to Delphi - they speak in riddles.

One phrase - "irrational exuberance in the stock markets" - has been endlessly quoted from Greenspan's speech, and it triggered the huge volatility endured by world stock markets at the end of last week, and much of this week's continued hyperactivity.

As the week progressed, each Wall Street guru (gurus rank below oracles) produced new research on Greenspan's speech to the American Enterprise Institute last Thursday. And no two gurus seemed to agree.

According to Abby Joseph Cohen, the highly respected strategist at Goldman Sachs, there was "little of new substance in the comments". His goals of looking for price stability and sustainable growth were well known, and unchanged. Leaving her broadly positive outlook for the markets unchanged, she added that Greenspan had "noted that the economy continued to perform well following the stock market decline in 1997".

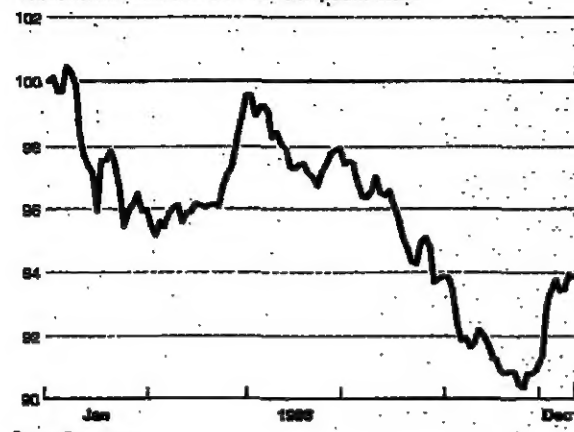
Paul McCulley at UBS Securities, on the other hand, described Greenspan's speech as an "extraordinary statement". While suggesting it was only a "veiled tightening warning", he added: "Greenspan's not-kind words will make stock market operators reluctant to keep buying implicitly on the theory that there will always be an even 'bigger fool' buyer at ever-irrationally-higher prices."

But despite the revisions, the market has endured a week of high turbulence. The post-election rally in November, which carried the Dow Jones Industrial Average from 6029 to 6521, is well and truly over. On Wednesday and Thursday, the Dow dropped by more than a percentage point for two successive days, the first time this had happened since January.

The yield on the benchmark 30-year Treasury long bond, below 6.4 per cent

### The little guys fight back

Russell 2000 relative to the S&P Composite Index



Source: DataStream

before Greenspan's speech, had moved back up to 6.52 per cent by yesterday morning, a level it had not seen since just before the election. All of this has been achieved amid huge volatility, which may be explainable by fund managers attempting to dress up their portfolios for the year-end. The Dow gained 32 points on Monday, for example, while yesterday morning it was off 50 points for the day at one point, but up 30 for the day an hour later. There has been a tendency for the sharpest moves to take place in the last hour of trading.

A closer look at Wall Street's entrails shows that many of the trends of the last few months have been thrown directly into reverse, and that the excesses of November are being corrected. The Dow has been led down by IBM, which led its rise during November.

The Nasdaq composite index, which is heavily weighted towards technology stocks, has significantly underperformed the Dow ever since the 10 per cent market fall in June and July. Not this week. On Monday it posted its second highest daily rise ever (in points terms), up 28.58. It looked less impressive in more statistically legitimate percentage terms, at 2.22 per cent but it still looked impressive.

As the rest of the market fell later in the week, the Nasdaq continued to stand up better than its blue-chip rivals. Most impressively, small-capitalisation stocks have recovered. As the chart

shows, they have persistently underperformed the market since the July correction. Since the end of the post-election November rally, the Russell 2000 index, the most trusted measure for small companies, has suddenly begun to outperform the S&P 500, the most trustworthy measure of broad market strength.

Seasonal effects are important. Small stocks are prone to the "January Effect", generated, so the theory goes, by tax-related transactions. Small investors take losses or gains for tax purposes in December, and then repurchase them in January, the practice known in the UK as "bed and breakfasting".

With the increasing influence of mutual funds, whose accounting year often ends in October, the January Effect may have moved earlier. According to Goldman Sachs, small-caps were also harmed for several months by evidence of economic deceleration, which dampened investors' interest in anything other than large well-known stocks with "highly visible and consistent earnings". Talking these factors together, it would be difficult to disagree with an oracle that predicted that strong market rallying is over for a bit.

Maybe Greenspan deserves the credit.

### Dow Jones Ind Average

Monday	6463.94 + 82.00
Tuesday	6473.25 + 9.31
Wednesday	6402.52 - 70.74
Thursday	6303.71 - 98.81
Friday	

London

## Nerves jangle as rumours fly

Greenspan effect lingers on, writes Philip Coggan

Warning. Stock market investment is not for those with a weak heart or a nervous disposition. This was one of those weeks when investors were tempted to give it all up for something less risky, like skydiving. The repercussions of last week's comments from Alan Greenspan, chairman of the US Federal Reserve, about "irrational exuberance" in financial markets reverberated throughout the week.

At first, markets appeared to be recovering as US investors returned to their habit of "buying on the dips" which has served them so well during the long bull run. But as the week wore on, investors showed increasing signs of nervousness, reacting badly to rumours that, in more confident times, they would have ignored.

The FTSE 100 index rebounded strongly on Monday and got a further lift on Tuesday - but then shed 53 points on Wednesday, losing the 4,000 level. A rally on Thursday petered out and the market opened sharply weaker yesterday, closing 18.3 points off at 3,972.4. This kind of volatility is often a sign of a market top. It is, however, too soon yet to deduce whether investors round the world merely are taking profits after a good year or whether we really have entered a new phase.

Long-term investors probably can stand aloof from the market's turbulence. Benjamin Graham, the founder of security analysis, invented the allegory of "Mr Market", your partner in a private business, who each day quotes a price at which he will either buy your interest or sell you his.

But Mr Market is emotionally unstable; some days he is cheerful and optimistic and offers a high price; on other days, he is discouraged

and quotes a very low price. The lesson of the allegory, according to Graham, is that it is Mr Market's wallet, not his opinion, which is useful. If he quotes a foolish price, you are free to take advantage of him, but it would be disastrous to fall under his influence.

There was little in the way of domestic news to upset the markets this week. The government lost its parliamentary majority, as expected, through the Barnsley East by-election but should still soldier on till May. Kenneth Clarke, the chancellor and Eddie George, the governor of the Bank of England, met and decided not to raise interest rates. Inflation figures for November were in line with analysts' forecasts.

On the corporate front, the odd company continued to warn of the potential effect of a strong pound on its profits, notably David S. Smith, the paper and packaging company.

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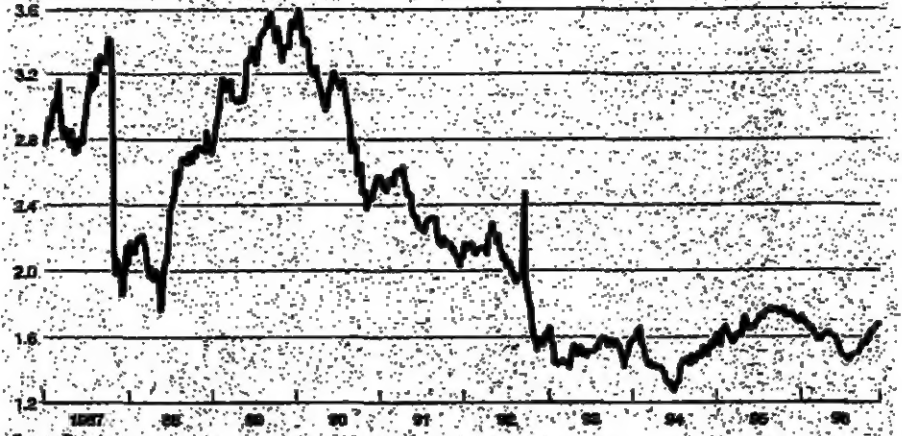
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Stock market is not for those of a nervous disposition. Carla Beltram

### Not dear, relative to cash

3-month interest rate relative to yield on the FTSE All-Share Index



### Highlights of the week

	Price	Change	22 week	52 week	
			High	Low	
FTSE 100 index	3972.4	+9.4	4073.1	3576.9	Delicately poised
Aspac Brit Foods	465	+30%	464	358	Defensive stock
BAT Industries	5901	+15	5901	511	Domestic hopes
BT	2501	+13	240	229	General investment buying
British Gas	291	+16	287 1/2	171 1/2	Institutions underweight
British Midland	200	-17 1/2	148	236	Profits warning
Carlsberg	210	-41	321	202 1/2	Profits warning
Conoco	659 1/2	+32 1/2	737	479	Regulator approves bid
E Midland Elect	380	-37 1/2	475	382 1/2	Fall in profits
James Watson	285	-15 1/2	802	255 1/2	Drops out of FTSE 250
Matthew Clark	30	-30	124	186	Regulator approves bid
Northern Electric	181	-12	264	186	Changes to call rates
Orange	145	-4 1/2	223	141	Drops out of FTSE 100
Pfizer	145	-4 1/2	223	141	Drops out of FTSE 100
RJB Mining	425	-50	625	372 1/2	B2W downgrade

Barry Riley

## The party slowly fizzles out

Will 1997 be a better year for the markets?



Make the most of early UK stock market strength while it lasts," was my advice for 1996. The party was not quite over yet, I thought, but it might not last beyond mid-year. The British economy, I predicted 12 months ago, would begin to accelerate ahead of a 1997 election (right) and interest rates would start rising in the second half (right) while sterling might weaken (wrong).

In terms of the domestic trends, my predictions were pretty good. The FTSE SmallCap index, which mostly reflects conditions at home in the core sectors, enjoyed a strong first six months but peaked in June, since when it has languished. In contrast, the FTSE 100 index of mainly multinational blue chips struggled in the first half-year as pension funds reduced their exposure, probably because they perceived the political risks to be rising. From July, the Footsie jumped, following the lead of a resurgent Wall Street. In the end, though, the big company and small company indices have performed much in line for the year as a whole.

It could be that the UK market's high on October 21 will turn out to have been the year's peak at that

point the All-Share index was showing a capital gain of 10.6 per cent since December 31. At present, the 1996 total return - capital gain plus dividends - on the All-Share stands at 12.5 per cent which, on the whole, is a satisfactory outcome.

A year ago, it was apparent that the global cycle was continuing to work positively for the securities markets. Interest rates were still heading down and plenty of liquidity was being created. At some point, the Bank of Japan would back off from its policy of creating ultra-cheap 0.5 per cent money, with potentially disruptive consequences - especially for Wall Street. I said that might not happen until 1997, however, and indeed it has not. So the Wall Street bubble has, up to the past week or so, continued to inflate.

The Japanese stock market, in contrast, has been a big disappointment and its weakness, along with the strength of the pound, largely explains why the World index has risen only about 2 per cent this year, measured in sterling. Apart from Hong Kong, which has been strong, the other Far Eastern markets have generally been unexciting, too. Thus, Wall Street has vied with some of

the continental European markets, especially those in Scandinavia, for the Best Country of the Year award. As I write, the leader looks to be Finland, up 36 per cent in local currency terms.

The UK market began the year quite fully valued - for example, with a dividend yield of under 4 per cent

### The mooted acceleration in domestic economic growth is badly needed

which, historically, has been a warning of poor performance immediately ahead. Help was needed from gilt-edged yields but, from 7.7 per cent at the start of the year, the long gilt yield climbed to 8.5 per cent by early May (although, more recently, it has eased back to about 7.8 per cent).

In the event, however, equities have been able to move ahead in line with the improving fundamentals - with dividends rising an impressive 10 per cent, not including quite a few "specials" on top - and earnings per share on the Footsie growing similarly. But we should note that

earnings in the smaller company sector have actually fallen slightly. Valuations are stretched, and the mooted acceleration in domestic economic growth is badly needed.

The dividend action has been very curious this year. Although payouts have been buoyant overall, several big companies - like Hanson and British Gas - have been retrenching (although in these cases any cuts are being disguised by splits into separate companies). Moreover, institutional investors are worried that a Labour government will change company taxation so as to encourage profit retention rather than generous dividends.

Accordingly, there has been a marked tendency for investors to seek growth rather than income. The lower-yielding half of the FTSE 350 index has outperformed the higher-yielding half by 7 percentage points this year, to the acute embarrassment of the managers of equity income unit trusts.

Looking at individual sectors, it is apparent that the rise in the market this year has been narrowly based. There have been good pickings in oils, financials, leisure and the media but the important utilities sector has, predictably, remained under

a political cloud. And several of the industrial sectors have stagnated, or recorded price declines. Industrial giants such as Imperial Chemical Industries, General Electric Company and British Steel have been left on the sidelines, while once-mighty Courtaulds was this week dropped from the Footsie index.

The more persistent trends must be watched. Over two years, the retail banks sector index has gained two-thirds, and life assurance has followed suit. Oils are up by half over this period. But utilities, chemicals and building materials have gone nowhere, and the textiles sector index has crumbled by a third. The strength of sterling has hit several of these sectors.

No doubt the government is hoping that "spectacularly good" factory gate inflation (as chancellor Kenneth Clarke called it this week) of only 2.1 per cent will help to rescue the target for retail price inflation, but the message for profit margins in manufacturing industry is unfortunate. If the UK is to achieve sustainable high growth, which would benefit the construction and capital goods sectors, the stock market has yet to take the message on board.

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INSTRUMENTS FOR PROFESSIONALS

Offshore managed funds and UK managed funds are listed in Section One